

PATE'S GRAMMAR SCHOOL
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31ST AUGUST 2012

Company Registration Number :
07369704 (England and Wales)

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PATE'S GRAMMAR SCHOOL

Contents

for the year ended 31st August 2012

	Page
Reference and Administrative Details	1-2
Report of the Governors	3-8
Governance Statement	9-11
Statement on Regularity, Propriety and Compliance	12
Statement of Governors' Responsibilities	13
Independent Auditor's Report to the Members	14-15
Independent Reporting Accountant's Report on Regularity	16-17
Statement of Financial Activities incorporating Income & Expenditure Account	18
Balance Sheet	19
Cash Flow Statement	20
Notes to the Financial Statements, incorporating:	
Statement of Accounting Policies	21-24
Other Notes to the Financial Statements	25-40

PATE'S GRAMMAR SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Governors (Trustees)

Ann Barradell-Black	Chair of Governors	
	Foundation - Chair of Curriculum & Pastoral Cte	
Russel Ellicott	Principal & Accounting Officer	(appointed 01 09 12)
Wallace Ascham	Foundation - Vice Chair & Chair of Finance, Health & Safety & Buildings Cte	
Trevor Allinson	Staff	
Guy Bradshaw	Corpus Christi	
Nikki Clark	Parent	
Anne Gale	Foundation - Chair of Staff & Discipline Cte	
John Henry	Parent	(term ended 30 09 12)
	Foundation & Responsible Officer	(appointed 01 10 12)
Helen Lovatt	Parent	(resigned 31 08 12)
Shirley Park	Staff	
John Parker	Foundation	
Joanne Steedman	Foundation	(resigned 29 06 12)
Alec Waters	Staff	
David Waters	Foundation	
John Watts	Corpus Christi	
Nancy Western	Parent	
Shaun Fenton	Principal & Accounting Officer	(resigned 31 08 12)
John Harkness	Corpus Christi - Chair of Governors	(resigned as chairman 31 12 11 but continues as a Governor)

Company Secretary

Stephen Locke

Senior Management Team

Shaun Fenton	Headmaster (resigned 31 08 12)
Russel Ellicott	Deputy Head, T&L, Standards & Leadership
Russell Bowen	Assistant Head, e culture & Learning
Helen Hooper	Assistant Head, Academic & Pastoral Strategy, Intervention & Overview of KS 5
Andrew Jones	Assistant Head, School Improvement & Self-Evaluation
Stephen Locke	Bursar, School Effectiveness
Ceri Smee	Assistant Head, Specialist status, Assessment, Data Reporting & Recording (resigned 31 08 12)

This team directs the School at an executive level, implementing the policies laid down by the Governors and reporting back to them. They are also responsible for the day-to-day operation of the School.

PATE'S GRAMMAR SCHOOL**REFERENCE AND ADMINISTRATIVE DETAILS**
(continued)

Registered Office	Princess Elizabeth Way Cheltenham Gloucestershire GL51 0HG
Company Registration Number	07369704 (England and Wales)
Statutory Auditors	Davies Mayers Barnett LLP Pillar House 113/115 Bath Road Cheltenham Gloucestershire GL53 7LS
Bankers	Barclays Bank Plc 128 High Street Cheltenham Gloucestershire GL50 1EL
Solicitors	Rickerbys LLP Ellenborough House Wellington Street Cheltenham GL50 1YD

PATE'S GRAMMAR SCHOOL
REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31ST AUGUST 2012

The Governors present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31st August 2012

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Pate's Grammar School is a company limited by guarantee and an exempt charity. It was incorporated on 8th September 2010. As a school, the company generally refers to itself as a School rather than a company, to its Directors as Governors and to the Principal as the Head Master. The Memorandum and Articles of Association are its primary governing documents. The Funding Agreement with the Secretary of State for Education, referred to below, includes considerable constraints on the way the School can be run.

Details of the Governors who have served during the year are listed on page 1.

Members' Liability

The School has 4 members. Two are appointed by the Pate's Grammar School Foundation and the Chairman and Vice-Chairman of the Governors are members ex-officio. The members throughout the period were

John Harkness – Chairman, Wallace Ascham – Vice-Chairman and John Parker and Richard Wright – appointed by Pate's Grammar School Foundation. Each member undertakes to contribute to the assets of the School in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

GOVERNORS' INDEMNITIES

There are no qualifying third party indemnity provisions to report.

PRINCIPAL ACTIVITIES

The principal activity is the provision of public benefit education by maintaining, managing and developing a selective School offering a broad and balanced curriculum.

SIGNIFICANT CONTRACTS

The School entered into a Funding Agreement to provide educational services with selective admission as part of the state provision of education from 1st December 2010. The School commenced operations on this date. The agreement is for an indefinite period, subject to seven years notice by either party. There is no indication that it will be terminated other than as restructuring of state education.

The School occupies the school buildings under a 125 year lease from the Pate's Grammar School Foundation at a peppercorn rent. The School is also one of the beneficiaries of the Pate's Grammar School Foundation, an educational charity. The lease can be terminated by the Pate's Grammar School Foundation if the School ceases to have selective admission arrangements.

PATE'S GRAMMAR SCHOOL
REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31ST AUGUST 2012
(continued)

SIGNIFICANT CONTRACTS (continued)

If the School ceases to be part of the state sector, the Pate's Grammar School Foundation will have a liability to pay an amount to the public sector to recognise the value of the capital funds invested in the school buildings by the state. Alternatively the Secretary of State can direct the transfer of the land and buildings to the state on paying the Pate's Grammar School Foundation compensation for the value it has invested in the buildings.

The playing fields, now owned by the School, were transferred to the School for no consideration when the Funding Agreement above was signed. The School has to obtain the Secretary of State's permission for any disposal of the fields. On ceasing to be a state school, the School would have to transfer the playing fields or any funds derived from their sale to the state without compensation.

METHOD OF RECRUITMENT AND APPOINTMENT OF GOVERNORS

The Governing body consists of 17 Governors. Six are appointed by the Pate's Grammar School Foundation, three by Corpus Christi College, Oxford, four are elected by parents of current students, two are elected by Teachers, one is elected by Support Staff and the Principal is a Governor ex-officio.

Policies and Procedures Adopted for the Induction and Training of Governors

The following measures are taken:

- New Governors meet with Chair of Governors for a tour of the School and early induction, as well as with the Head Master for further induction,
- New Governors are given a National Governors' Association "Welcome to Governance" guidance booklet and emailed a link to the county council schools net website where they can obtain information and guidance and also book training courses,
- They also receive a CRB clearance application form, copy of the School Development Plan, minutes of recent sub-committee and full Governor meetings, list of all Governor contact details and list of members of the various sub-committees, as well as a calendar of meetings for the rest of the academic year,
- Pate's Grammar School pays a subscription to National Governors' Association for advice on all aspects as and when required by Governors,
- Updates received, for example, training courses / What's up Gov? issues, are circulated to all governors electronically as soon as they are available, on a regular on-going basis.

Organisational Structure

The Governing Body is structured into several sub-committees all of which report back to the full Governing Body:

Curriculum & Pastoral (C&P),
 Staff & Discipline (S&D),
 Finance, Health & Safety and Buildings (FHSB)

Each committee works to agreed Terms of Reference that are reviewed annually. There are minutes of delegations of responsibility identifying which decisions are made by Full Governors, by Committee, by a convened sub group or by the Head Master.

PATE'S GRAMMAR SCHOOL
REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31ST AUGUST 2012
(continued)

METHOD OF RECRUITMENT AND APPOINTMENT OF GOVERNORS (continued)

Organisational Structure (continued)

The responsibilities of each member of the Senior Management Team are laid out on a proforma grid that is reviewed annually and during the year

Members of the Senior Management Team are ex-officio members of relevant Governor Committees. The Head Master is a member of each Governor Committee.

RISK MANAGEMENT

The objectives for managing risk across the School are

- To comply with risk management best practice,
- To ensure risks facing the School are identified and appropriately documented,
- To provide assurance to Governors that risks are being adequately controlled, or identify areas for improvement,
- To ensure action is taken appropriately in relation to accepting, mitigating, transferring and avoiding risks

The Senior Management Team (SMT) has overall responsibility for risk management. The Bursar has lead responsibility for risk management processes and the School-wide Risk Register. This responsibility includes

- Monitoring the performance of risk management processes,
- Ensuring that appropriate controls are in place to manage identified risks,
- Preparation of periodic reports to the FHSB Committee

The Risk Register is formally reviewed each term by the Bursar. A Risk Management Plan is submitted to the FHSB Committee annually in the autumn term. The Risk Management Plan is monitored by the FHSB Committee and forms part of that Committee's report to Full Governors.

CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

There is a related party relationship with Pate's Grammar School Foundation due to common members of the governing boards.

OBJECTIVES, ACTIVITIES AND PLANS FOR FUTURE PERIODS

Objects and Aims

To advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a selective school offering a broad and balanced curriculum.

Public Benefit

The Governors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

PATE'S GRAMMAR SCHOOL
REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31ST AUGUST 2012
(continued)

OBJECTIVES, ACTIVITIES AND PLANS FOR FUTURE PERIODS – (continued)

Strategic Review Process - Medium Term Strategic Priorities : 2010 - 2014

A process of reviewing the medium term strategic priorities began in Summer 2009, was a main item for Full Governors in Autumn 2009 and was considered twice by each committee between Autumn and Spring 2010. These have been presented to Governors again during 2011 and at the December 2011 Full Governors Meeting they were accepted.

A summary of the priorities agreed is as follows

- 1) **Student welfare** - Pastoral care strategies and IAG (Information, Advice and Guidance), (C&P)
- 2) **Academic Achievement** – focus on outcomes, patterns, trends at whole school, cohort, dept and student level, (C&P)
- 3) **Teaching and Learning** – including e learning and student support, (C&P)
- 4) **Curriculum** – formal curriculum plan, developments, national patterns and the future, (C&P)
- 5) **Extra-Curricular** – variety, cost, participation, quality – focus on trips and Houses, (C&P)
- 6) **Staff Development** - Staff training and development programme – teaching and support staff, Performance management / Appraisal outcomes, Induction of new staff – teaching and support staff, Succession Planning, Leadership development and training (post Ofsted Action point), (S&D)
- 7) **Admissions** – strategies to increase fairness – e.g. tests, inclusiveness, etc, (C&P)
- 8) **Resources – Financial and Physical** - Annual financial planning and management – including ensuring all statutory and non-statutory requirements are met, A medium term financial health programme, Fundraising and Alumni (income, pledges, costs, resource implications, etc), Buildings programme and 5 – 10 year Premises Masterplan, Refurbishments / grounds work, New technologies, Health and Safety (FHSB)

In 2011/12 we have decided to add

- 9) **Partnerships** to the list of priorities above – to appear in 2012/13 SDP

Each of these priorities is developed into a detailed development / action plan with dates, resources, process points and success criteria. Monitoring and evaluation is carried out by the Head Master and by specified Governor Committees, respectively.

PATE'S GRAMMAR SCHOOL
REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31ST AUGUST 2012
(continued)

ACHIEVEMENTS AND PERFORMANCE

The fundamental points in a year of huge success have been

- Record exam results and 'best ever' university destinations including first place at Harvard,
- Appointment of Russel Ellicott as Headmaster and Andrew Jones as Deputy Headmaster following Shaun Fenton's move to Reigate Grammar
- Induction of a new and very effective senior leadership team,
- Huge strides in e-learning and the use of technologies to support learning,
- A remarkable swelling of applications for the Grammar School,
- Academy status bringing independence, some financial autonomy and valued educational freedoms,
- A blossoming extra-curricular programme,
- National recognition in a number of areas – notably related to Government policy consultation,
- The successful introduction of a long planned curriculum review and new school day timings,
- Building of refectory and flexible learning centre,
- On the basis of the 2012 achievements Pates was awarded State Secondary School of the Year by the Sunday Times.

GOING CONCERN

After making appropriate enquiries, the Governing Body has a reasonable expectation that the School has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

KEY FINANCIAL PERFORMANCE INDICATORS

The key financial performance indicator is the net revenue for the year compared to budget. The school normally plans to run a balanced budget each financial period unless there are operational reasons for increasing this timescale. There have been significant financial changes to state education funding during the period and further changes are expected in the next few years. Accordingly the School is intending to achieve a balanced budget over the period of these changes. The surplus for the period from Revenue funds before the Actuarial loss was £231,155 (2011 £272,611). It is expected that this surplus will be used to offset losses in the next two periods.

PRINCIPAL RISKS AND UNCERTAINTIES

Funding is not guaranteed for more than one year in advance and in the current climate is being varied with little notice. Because of redundancy costs it can take longer than this to adjust the cost base.

Income is based on pupil numbers. At present the school is oversubscribed, but if this changed, there might be a time lag before the cost base could be adjusted.

At various points in the year the School held substantial cash balances with clearing banks.

Many of the staff are members of defined benefit schemes which might lead to unexpected costs if the actuarial assumptions prove optimistic.

These risks are monitored and controlled as part of the Risk Management Strategy described above.

PATE'S GRAMMAR SCHOOL
REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31ST AUGUST 2012
(continued)

RESERVES POLICY

The funds of the school are detailed at note 16 of the accounts and include £1 052 million (2011 £1 912m) which had not been received at the year end. The value of the free reserves was £266,999 (2011 £98,581)

The only fund in deficit was in respect of the pension fund and annual contributions are set at a level which it is intended will eliminate the deficit over 20 years from 1st December 2010

INVESTMENT POLICY

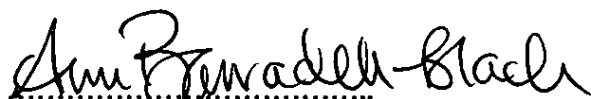
The only investments held are cash balances. The Governors policy is to hold these with Barclays Bank and not seek to improve return by moving funds elsewhere on the basis that this could result in increased risk

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the Governors are aware

- there is no relevant audit information of which the Charitable Company's auditor is unaware, and
- the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Approved by order of the members of the Governing Body on 6th December 2012 and signed on its behalf by



Ann Barradell-Black
Chairman

PATE'S GRAMMAR SCHOOL**GOVERNANCE STATEMENT****FOR THE YEAR ENDED 31ST AUGUST 2012****SCOPE OF RESPONSIBILITY**

As Governors, we acknowledge we have overall responsibility for ensuring that Pate's 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 Governing Body has delegated the day-to-day responsibility to the Head Master, 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 Pate's Grammar School and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Governor's Report and in the Statement of Governors' responsibilities. The Governing Body has formally met 4 times during the year. Attendance during the year at meetings of the Governing Body was as follows -

<u>Governor</u>	<u>Meetings Attended</u>	<u>Out of a Possible</u>
Ann Barradell-Black (Chairman)	4	4
Russel Ellicott (appointed 01 09 12)	0	0
Wallace Ascham	3	4
Trevor Allinson	4	4
Guy Bradshaw	3	4
Nikki Clark	3	3
Anne Gale	4	4
John Henry	4	4
Helen Lovatt (resigned 31 08 12)	4	4
Shirley Park	4	4
John Parker	2	4
Joanne Steedman (resigned 29 06 12)	1	4
Alec Waters	4	4
David Waters	2	4
John Watts	3	4
Nancy Western	4	4
Shaun Fenton (resigned 31 08 12)	4	4
John Harkness (resigned as Chairman 31 12 11 but remains as Governor)	3	4

PATE'S GRAMMAR SCHOOL**GOVERNANCE STATEMENT****FOR THE YEAR ENDED 31ST AUGUST 2012****(continued)****GOVERNANCE (continued)**

The Finance, Health and Safety and Buildings Committee is a sub-committee of the main Governing Body
Its purpose is, amongst others, to

Establish and maintain proper financial management arrangements, accounting procedures and a sound system of internal controls

To assist the Head Teacher in developing a financial budget and ensure that statutory financial reporting requirements are complied with

To monitor actual expenditure against plans and taking necessary action to ensure that the school remains solvent at all times

To approve and recommend for acceptance the Annual Budget and financial strategy

Attendance at meetings in the year was as follows -

<u>Governor</u>	<u>Meetings Attended</u>	<u>Out of a Possible</u>
Shaun Fenton (resigned 31 08 12)	3	3
Anne Gale	3	3
Ann Barradell-Black	3	3
Shirley Park	3	3
Wallace Ascham	3	3
Nancy Western	3	3
Helen Lovatt (resigned 31 08 12)	2	3
David Waters	3	3
John Parker	2	3
John Harkness	1	3

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Pate's Grammar School policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Pate's Grammar School for the year ended 31st August 2012 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Governing Body has reviewed the key risks to which Pate's Grammar School is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing Pate's Grammar School's significant risks that has been in place for the year ending 31st August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

PATE'S GRAMMAR SCHOOL**GOVERNANCE STATEMENT****FOR THE YEAR ENDED 31ST AUGUST 2012****(continued)****THE RISK AND CONTROL FRAMEWORK**

Pate's Grammar School's system of internal financial control is based on a framework of regular management information and administrative procedures including some 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 Governing Body,
- reviews by the Finance, Health and Safety and Buildings Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- setting targets to measure financial and other performance,
- clearly defined purchasing (asset purchase or capital investment) guidelines,
- delegation of authority and some segregation of duties,
- annual review including identification and management of risks

The Accounting Officer has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, in June 2011 the Governors appointed John Henry, a Foundation Governor, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the School's financial systems. Three times a year, the RO will report to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

We confirm that the RO function has been delivered in line with the EFA's requirements. No material control issues arose during the year.

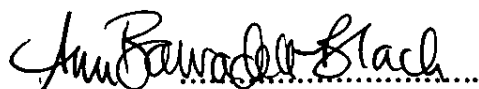
REVIEW OF EFFECTIVENESS

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

- the work of the Responsible Officer,
- the work of the external auditor,
- the financial management and governance self assessment process,
- the work of the executive managers within the School who have responsibility for the development and maintenance of the internal control framework

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

Approved by order of the members of the Governing Body on 6th December 2012 and signed on its behalf by



Ann Barradell-Black
Chairman



Russel Ellicott
Accounting Officer

PATE'S GRAMMAR SCHOOL

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31ST AUGUST 2012

As Accounting Officer of Pate's Grammar School I have considered my responsibility to notify the School's Governing Body and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the School and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



.....
Russel Ellicott
Accounting Officer

PATE'S GRAMMAR SCHOOL

STATEMENT OF GOVERNORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31ST AUGUST 2012

The Governors (who act as trustees for charitable activities of Pate's Grammar School and are also the directors of the School for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency (EFA), United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable laws and regulations

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the School, and of the incoming resources and application of resources, including its income and expenditure, for the year. In preparing these financial statements, the Governors are required to

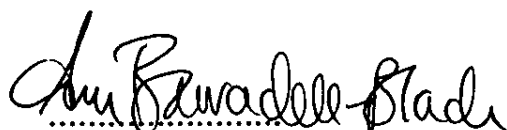
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the School will continue in operation

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the School's transactions and disclose with reasonable accuracy at any time the financial position of the School 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 School and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governors are responsible for ensuring that in its conduct and operation the School 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 the EFA/DfE have been applied for the purposes intended.

The Governors are responsible for the maintenance and integrity of the corporate and financial information included on the School'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 Governing Body on 6th December 2012 and signed on its behalf by



Ann Barradell-Black
Chairman

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
PATE'S GRAMMAR SCHOOL
FOR THE YEAR ENDED 31ST AUGUST 2012

We have audited the financial statements of Pate's Grammar School 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) and the Annual Accounts Direction 2011/12 issued by the EFA.

This report is made solely to the School'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 School's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the School and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditor

As explained more fully in the Governors' Responsibilities Statement (set out on page 13), the Governors (who are also the directors of the School for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the School'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 and the Annual Accounts Direction 2011/12 issued by the EFA.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
PATE'S GRAMMAR SCHOOL
FOR THE YEAR ENDED 31ST AUGUST 2012
(continued)

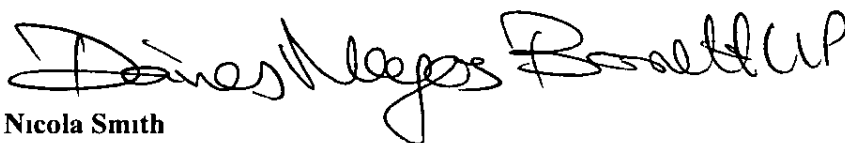
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Governors for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

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



Nicola Smith
Senior Statutory Auditor
For and on behalf of
DAVIES MAYERS BARNETT LLP
Chartered Accountants
Statutory Auditors
Pillar House
113/115 Bath Road
Cheltenham
Gloucestershire
GL53 7LS

6th December 2012

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY
TO PATE'S GRAMMAR SCHOOL AND THE EDUCATION FUNDING AGENCY
FOR THE YEAR ENDED 31ST AUGUST 2012

In accordance with the terms of our engagement letter dated 5th November 2012 and further to the requirements of the EFA as included in the Academies Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether, in all material respects, the expenditure disbursed and income received by Pate's Grammar School during the period 1st September 2011 to 31st August 2012 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

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

Respective Responsibilities of Pate's Grammar School's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of Pate's Grammar School's funding agreement with the Secretary of State for Education dated 29th November 2010 and the Academies Financial Handbook as published by DfE in 2006, subsequent legislation and related regulations, 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 2011/12. We report to you whether, in our opinion, anything has come to our attention in carrying out our review which suggests that in all material respects, expenditure disbursed and income received during the period 1st September 2011 to 31st August 2012 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them

Approach

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

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate 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 School's income and expenditure

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY
TO PATE'S GRAMMAR SCHOOL AND THE EDUCATION FUNDING AGENCY
FOR THE YEAR ENDED 31ST AUGUST 2012
(continued)

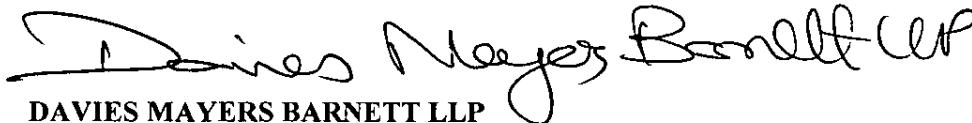
Approach (continued)

In this regard we have carried out the following

- specific testing of a sample of items of income and expenditure to ensure appropriately applied for the purposes intended,
- specific testing of a sample of system controls relevant to the above items,
- a general review of relevant correspondence with the EFA regarding School governance matters during the year, and
- a general review and discussion of the School's internal processes for establishing and maintaining systems of control and documentation regarding these matters

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1st September 2011 to 31st August 2012 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



DAVIES MAYERS BARNETT LLP
Chartered Accountants
Reporting Accountants
Pillar House
113/115 Bath Road
Cheltenham
Gloucestershire
GL53 7LS

6th December 2012

PATE'S GRAMMAR SCHOOL**STATEMENT OF FINANCIAL ACTIVITIES****FOR THE YEAR ENDED 31ST AUGUST 2012****(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)**

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Year Ended 2012 Total £	Period Ended 2011 Total £
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary income	3	185,529	529,720	672,834	1,388,083	32,882,498
Activities for generating funds	4	39,725	-	-	39,725	19,901
Investment income	5	333	-	-	333	428
Incoming resources from charitable activities						
Funding for educational operations	6	134,696	5,049,153	-	5,183,849	3,993,639
TOTAL INCOMING RESOURCES		360,283	5,578,873	672,834	6,611,990	36,896,466
RESOURCES EXPENDED						
Cost of generating funds						
Costs of generating voluntary income		(888)	(351,422)	-	(352,310)	(276,246)
Costs of generating funds		(9,049)	-	-	(9,049)	(9,341)
Charitable activities						
Educational operations	8	(146,253)	(5,120,418)	(834,619)	(6,101,290)	(4,436,154)
Governance costs	9	-	(19,296)	-	(19,296)	(73,738)
TOTAL RESOURCES EXPENDED	7	(156,190)	(5,491,136)	(834,619)	(6,481,945)	(4,795,479)
Net incoming/(outgoing) resources before transfers		204,093	87,737	(161,785)	130,045	32,100,987
Gross transfers between funds	16	(35,675)	(25,000)	60,675	-	-
Net income/(expenditure) for the year		168,418	62,737	(101,110)	130,045	32,100,987
Other recognised gains and losses						
Actuarial losses on defined benefit pension scheme	16,26	-	(101,000)	-	(101,000)	(564,000)
NET MOVEMENT OF FUNDS	16	168,418	(38,263)	(101,110)	29,045	31,536,987
Reconciliation of funds						
Funds brought forward at 1st September 2011	16	98,581	(389,970)	31,828,376	31,536,987	-
Funds carried forward at 31st August 2012	16	266,999	(428,233)	31,727,266	31,566,032	31,536,987

All of the School's activities derive from continuing operations during the above financial year. The movement on funds is shown in note 16 to the accounts.

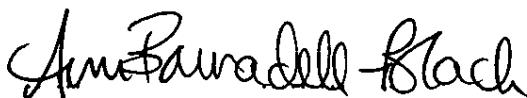
A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

The notes on pages 21 to 40 form part of these accounts.

PATE'S GRAMMAR SCHOOL**REGISTERED NUMBER : 07369704****BALANCE SHEET****AT 31ST AUGUST 2012**

	<u>Notes</u>	<u>2012</u>		<u>2011</u>	
		<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
FIXED ASSETS					
Tangible assets	13		30,833,604		29,634,710
CURRENT ASSETS					
Debtors	14	1,275,895		2,087,146	
Cash at bank and in hand		<u>1,046,163</u>		<u>1,021,718</u>	
			2,322,058		3,108,864
CURRENT LIABILITIES					
Creditors Amounts falling due within one year	15	<u>(924,630)</u>		<u>(642,587)</u>	
			<u>(924,630)</u>		<u>(642,587)</u>
NET CURRENT ASSETS			<u>1,397,428</u>		<u>2,466,277</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			32,231,032		32,100,987
NET ASSETS EXCLUDING PENSION LIABILITY			32,231,032		32,100,987
Pension scheme liability	26		<u>(665,000)</u>		<u>(564,000)</u>
NET ASSETS INCLUDING PENSION LIABILITY			<u>31,566,032</u>		<u>31,536,987</u>
FUNDS					
Restricted Funds					
Fixed asset fund	17		31,727,266		31,828,376
General fund	17		236,767		174,030
Pension reserve	17		<u>(665,000)</u>		<u>(564,000)</u>
TOTAL RESTRICTED FUNDS			<u>31,299,033</u>		<u>31,438,406</u>
UNRESTRICTED FUNDS					
General fund	17		<u>266,999</u>		<u>98,581</u>
TOTAL UNRESTRICTED FUNDS			<u>266,999</u>		<u>98,581</u>
TOTAL FUNDS			<u>31,566,032</u>		<u>31,536,987</u>

The financial statements were approved by the Governors, and authorised for issue on 6th December 2012 and are signed on their behalf by -



Ann Barradell-Black
Chairman

PATE'S GRAMMAR SCHOOL**CASH FLOW STATEMENT****FOR THE YEAR ENDED 31ST AUGUST 2012**

	<u>Notes</u>	2012 £	2011 £
Net cash inflow/(outflow) from operating activities	20	1,384,791	(1,014,234)
Returns on investments and servicing of finance	21	333	428
Capital expenditure	22	(1,360,679)	2,035,524
Increase in cash in the period	23	<u>24,445</u>	<u>1,021,718</u>
Reconciliation of net cash flow to movement in net funds			
Net funds at 1st September 2011		<u>1,021,718</u>	<u>-</u>
Net funds at 31st August 2012		<u>1,046,163</u>	<u>1,021,718</u>

PATE'S GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2012

1. STATEMENT OF ACCOUNTING POLICIES

Basis of Preparation

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

Going Concern

The Governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Governors make this assessment in respect of a period of one year from the date of approval of the financial statements. On review, the Governors have concluded they are happy to adopt the going concern basis in preparing the annual financial statements.

Incoming Resources

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

Grants receivable

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Sponsorship income

Sponsorship income provided to the School which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt.

Donations

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

Other income

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

Donated services and gifts in kind

The value of donated services and gifts in kind provided to the School are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the School can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the School's policies.

PATE'S GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2012
(continued)

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Resources Expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Costs of generating funds

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

Charitable activities

These are costs incurred on the School's educational operations.

Governance costs

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

All resources expended are exclusive of recoverable VAT.

Freehold and Leasehold Land and Buildings

The School owns the school playing fields and leases the school buildings from the Pate's Grammar School Foundation. The lease is for 125 years at a peppercorn rent. Although there are break clauses in the lease, there are no current indications that circumstances will arise such that they can be exercised by the Pate's Grammar School Foundation. Accordingly as the School is entitled to the risk and rewards of ownership, their value has been included in the School's balance sheet. This is consistent with the treatment adopted in the accounts of Pate's Grammar School Foundation. The valuation basis of the Leasehold Property was an estimate of the current market value. The value of the Freehold Land for its current use is immaterial compared with the Leasehold Property and has thus been amalgamated with the Leasehold Property in these accounts. Note 13 refers.

Tangible Fixed Assets

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

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

PATE'S GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2012
(continued)

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Depreciation

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

Leasehold property	2%-10%
Fixtures and fittings	10%-20%
Motor vehicles	20%
Computer equipment	20%

Motor vehicles and computer equipment transferred from the predecessor school were transferred at depreciated cost and are depreciated over the useful life from original purchase

Leasehold property and Fixtures and fittings transferred from the predecessor school were transferred at an estimate of depreciated replacement cost and are treated as if purchased at that date

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

Lease Commitments

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

Taxation

The School 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 School is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes

Pensions Benefits

Retirement benefits to employees of the School are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ("SERPS"), and the assets are held separately from those of the School

PATE'S GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2012
(continued)

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Pensions Benefits - continued

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the School in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 26, the TPS is a multi-employer scheme and the School is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency, Department for Education and Pate's Grammar School Foundation where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency, Department for Education and School Standards Fund. Restricted funds also incorporate School Fund accounts and revenue donations received from Pate's Grammar School Foundation.

PATE'S GRAMMAR SCHOOL**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31ST AUGUST 2012****(continued)**

2 GENERAL ANNUAL GRANT (GAG)	2012	2011
	£	£
a. Results and Carry Forward for the Period		
GAG brought forward from previous year	47,453	-
GAG allocation for current year	<u>4,911,427</u>	<u>3,755,082</u>
Total GAG available to spend	4,958,880	3,755,082
Recurrent expenditure from GAG	(4,958,880)	(3,707,629)
Fixed assets purchased from GAG	<u>-</u>	<u>-</u>
GAG carried forward to next year	-	47,453
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	<u>(589,371)</u>	<u>(450,610)</u>
GAG to surrender to DfE		
(12% rule breached if result is positive)	<u>(589,371)</u>	<u>(403,157)</u>

As the result is negative, there is no breach on carry forward.

b. Use of GAG brought forward from previous year for recurrent purposes

(of the amount carried forward each year, a maximum of 2% of GAG can be used for recurrent purposes Any balance, of up to a maximum of 12%, can only be used for capital purposes)

Recurrent expenditure from GAG in current year	4,958,880	-
GAG allocation for current year	(4,911,427)	-
GAG allocation for previous year x 2%	(75,102)	-
GAG b/fwd from previous year in excess of 2% used on recurrent expenditure in current year	<u>(27,649)</u>	<u>-</u>
(2% rule breached if result is positive)		

As the result is negative, there is no breach on carry forward

3 VOLUNTARY INCOME

	Unrestricted	Restricted	Total	Total
	Funds	Funds	2012	2011
	£	£	£	£
Capital grants	-	616,416	616,416	620,538
Predecessor school surplus	-	-	-	359,050
Donations – capital	-	-	-	29,885,343
School funds	-	333,228	333,228	259,326
Other donations	<u>185,529</u>	<u>252,910</u>	<u>438,439</u>	<u>1,758,241</u>
	<u>185,529</u>	<u>1,202,554</u>	<u>1,388,083</u>	<u>32,882,498</u>

Capital Grants

Capital grants for 2011 have been reclassified from income from charitable activities to voluntary income, in line with the requirements of the Annual Accounts Direction 2011/12 issued by the Education Funding Agency

PATE'S GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2012
(continued)

4 ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
Hire of facilities	37,481	-	37,481	18,265
Other income	2,244	-	2,244	1,636
	<u>39,725</u>	<u>-</u>	<u>39,725</u>	<u>19,901</u>

5 INVESTMENT INCOME

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
Short term deposits	333	-	333	428
	<u>333</u>	<u>-</u>	<u>333</u>	<u>428</u>

6 FUNDING FOR THE SCHOOL'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
DfE/EFA revenue grants				
General Annual Grant (GAG) (note 2)	-	4,911,427	4,911,427	3,755,082
Start up grants	-	-	-	25,000
Other DfE/EFA grants	-	11,251	11,251	57,042
	<u>-</u>	<u>4,922,678</u>	<u>4,922,678</u>	<u>3,837,124</u>
Other Government grants				
Local authority grants	-	11,492	11,492	-
	<u>-</u>	<u>11,492</u>	<u>11,492</u>	<u>-</u>
Other income				
Catering services	134,696	-	134,696	83,193
Teaching services	-	16,780	16,780	73,322
Other income	-	98,203	98,203	-
	<u>134,696</u>	<u>114,983</u>	<u>249,679</u>	<u>156,515</u>
	<u>134,696</u>	<u>5,049,153</u>	<u>5,183,849</u>	<u>3,993,639</u>

PATE'S GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2012
(continued)

7 RESOURCES EXPENDED

	Staff Costs £	Non-Pay Expenditure		Total 2012 £	Total 2011 £
		Premises £	Other costs £		
Costs of generating voluntary income	-	-	352,310	352,310	276,246
Costs of activities for generating funds	4,122	-	4,927	9,049	9,341
School's education operations					
- Direct costs	3,423,502	-	394,448	3,817,950	2,926,931
- Allocated support costs	553,590	1,329,812	399,938	2,283,340	1,509,223
	3,977,092	1,329,812	794,386	6,101,290	4,436,154
Governance costs	14,885	-	4,411	19,296	73,738
	3,996,099	1,329,812	1,156,034	6,481,945	4,795,479
				Total 2012 £	Total 2011 £
Outgoing resources for the year include:					
Operating leases				33,477	11,711
Depreciation – owned assets				259,619	129,451
Depreciation – leased assets				575,000	431,250
Fees payable to auditor					
- Audit of financial statements				9,400	10,920
- Other services				2,420	1,950

PATE'S GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2012
(continued)

8 CHARITABLE ACTIVITIES – SCHOOL'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
DIRECT COSTS				
Teaching and educational support staff costs	-	3,407,017	3,407,017	2,653,270
Educational supplies and services	-	204,620	204,620	140,922
Examination fees	-	149,330	149,330	108,857
Staff development	-	16,485	16,485	13,158
Other direct costs	-	40,498	40,498	10,724
	-	3,817,950	3,817,950	2,926,931
ALLOCATED SUPPORT COSTS				
Support staff costs	-	553,590	553,590	390,044
Depreciation	-	834,619	834,619	560,701
General administration and reception	-	23,214	23,214	64,138
Maintenance of premises and equipment	-	161,404	161,404	113,063
Cleaning	-	116,974	116,974	81,029
Rent and rates	-	58,311	58,311	44,899
Heat and light	-	97,976	97,976	79,259
Insurance	-	60,528	60,528	37,024
Security and transport	-	23,393	23,393	14,893
Catering	146,253	8,125	154,378	97,067
Computer expenses	-	110,180	110,180	23,602
Other support costs	-	88,773	88,773	3,504
	146,253	2,137,087	2,283,340	1,509,223
	146,253	5,955,037	6,101,290	4,436,154

9 GOVERNANCE COSTS

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
Legal and professional fees	-	1,991	1,991	39,108
Auditors remuneration	-	2,420	2,420	12,870
Support costs	-	14,885	14,885	21,760
	-	19,296	19,296	73,738

PATE'S GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2012
(continued)

10 STAFF COSTS

Staff costs during the year were

	2012	2011
	£	£
Wages and salaries	3,208,143	2,525,186
Social security costs	241,140	185,907
Other pension costs	471,316	362,875
Supply teacher costs	63,481	-
	<u>3,984,080</u>	<u>3,073,968</u>

The average number of persons (including Senior Management Team) employed by the School during the year expressed as full time equivalents was as follows

	2012	2011
	No.	No
Charitable Activities		
Teachers	68	70
Administration and support	<u>27</u>	<u>28</u>

Included within the categories of Teachers and Administration and support are the 7 (2011 7) members of the Senior Management Team who are responsible for the day to day operations of the School

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

	2012	2011
	No.	No
£90,001 - £100,000	<u>1</u>	<u>1</u>

The above employee participated in the Teachers' Pension Scheme During the year ended 31st August 2012 pension contributions amounted to £13,106 (2011 £9,669)

11 GOVERNORS' REMUNERATION AND EXPENSES

The Head Master and staff Governors only receive remuneration in respect of services they provide undertaking the roles of Head Master and staff and not in respect of their services as Governors Other Governors did not receive any payments from the School in respect of their role as Governors The value of Governors' remuneration including employer pension contributions fell within the following bands

Shaun Fenton	£105,001-£110,000 (2011 £75,001 - £80,000)
Trevor Allinson	£50,001-£55,000 (2011 £35,001 - £40,000)
Alec Waters	£50,001-£55,000 (2011 N/A)
Shirley Park	£15,001-£20,000 (2011 £10,001 - £15,000)

(NB 2011 was a nine month period)

PATE'S GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2012
(continued)

11 GOVERNORS' REMUNERATION AND EXPENSES (continued)

During the year ended 31st August 2012, travel and subsistence expenses amounting to £nil (2011 £nil) were reimbursed to Governors

Where other related party transactions involving the Governors arise these are set out in note 27

12 GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the School has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on School business. The insurance provides cover up to £5,000,000 (2011 £10,000,000) on any one claim and the cost for the year ended 31st August 2012 was £4,500 (2011 £7,434)

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

13 TANGIBLE FIXED ASSETS

	Long Leasehold Property & Improvements	Fixtures & Fittings	Motor Vehicles	Computer Equipment	Total
	£	£	£	£	£
Cost					
At 1st August 2011	28,952,823	1,055,445	21,519	165,624	30,195,411
Additions	1,671,966	269,367	-	93,980	2,035,313
Disposals	(1,800)	(4,410)	-	-	(6,210)
At 31st August 2012	30,622,989	1,320,402	21,519	259,604	32,224,514
Depreciation					
At 1st August 2011	433,477	79,158	4,352	43,714	560,701
Charged in period	622,687	136,905	6,704	68,323	834,619
Disposals	-	(4,410)	-	-	(4,410)
At 31st August 2012	1,056,164	211,653	11,056	112,037	1,390,910
Net book value					
At 31st August 2012	29,566,825	1,108,749	10,463	147,567	30,833,604
Net book value					
At 31st August 2011	28,519,346	976,287	17,167	121,910	29,634,710

The School leases buildings from Pate's Grammar School Foundation. On conversion the Governors considered that the cost of a formal valuation was out of proportion to the benefit to be derived and instead based their valuation on the valuation that had been assessed for insurance purposes.

Due to the School buildings being specialised in nature and not traded on the open market, this valuation was also considered to be a reasonable estimate of the depreciated replacement cost for the purposes of these accounts.

PATE'S GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2012
(continued)

14 DEBTORS

	2012	2011
	£	£
Amounts falling due within one year		
Trade debtors	59,271	6,272
Other debtors	116,180	69,071
Prepayments and accrued income	1,100,444	1,498,803
	<u>1,275,895</u>	<u>1,574,146</u>
Amounts falling due after more than one year		
Prepayments and accrued income	<u>-</u>	<u>513,000</u>
Aggregate amounts	<u>1,275,895</u>	<u>2,087,146</u>

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Trade creditors	632,866	211,397
Social security and other taxes	77,034	75,337
Other creditors	61,089	61,551
Accruals and deferred income	153,641	294,302
	<u>924,630</u>	<u>642,587</u>

Deferred Income

Income received during the year ended 31st August 2012 specific to funding for future periods has been deferred accordingly

16 FUNDS

The income funds of the School comprise the following balances of grants to be applied for specific purposes

	Balance at 01 09 11	Incoming Resources	Resources Expended	Gains, losses & transfers	Balance at 31.08.12
	£	£	£	£	£
Restricted general funds					
General Annual Grant (GAG)	47,453	4,911,427	(5,002,445)	43,565	-
Other DfE/EFA Grants	5,001	22,743	(22,744)	-	5,000
Other Income	117,731	294,695	(118,397)	(68,565)	225,464
School Fund Account	3,845	333,228	(330,770)	-	6,303
Teaching services	-	16,780	(16,780)	-	-
Pension reserve	(564,000)	-	-	(101,000)	(665,000)
	<u>(389,970)</u>	<u>5,578,873</u>	<u>(5,491,136)</u>	<u>(126,000)</u>	<u>(428,233)</u>

PATE'S GRAMMAR SCHOOL**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31ST AUGUST 2012****(continued)****16 FUNDS (continued)**

	Balance at 01 09 11 £	Incoming Resources £	Resources Expended £	Gains, losses & transfers £	Balance at 31.08.12 £
Restricted fixed asset funds					
DfE/EFA Capital Grants	620,538	616,416	(31,280)		1,205,674
Predecessor School Surplus	154,052		(21,555)		132,497
Capital donations on conversion Pate's Grammar School	29,338,127		(720,853)		28,617,274
Foundation	1,500,000	(4,920)	(57,227)		1,437,853
Capital expenditure from unrestricted funds	158,142		(3,704)	35,675	190,113
Other donations	57,517	61,338	-	25,000	143,855
	31,828,376	672,834	(834,619)	60,675	31,727,266
Total restricted funds	31,438,406	6,251,707	(6,325,755)	(65,325)	31,299,033
Unrestricted funds					
Unrestricted funds	98,581	360,283	(156,190)	(35,675)	266,999
Total unrestricted funds	98,581	360,283	(156,190)	(35,675)	266,999
Total Funds	31,536,987	6,611,990	(6,481,945)	(101,000)	31,566,032

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

The Restricted General Fund includes GAG and other grants receivable from the DfE/EFA towards the School's educational activities. School funds held in respect of education visits and events are also included in the Restricted General Fund.

The Restricted Fixed Asset Fund includes amounts receivable from the DfE/EFA in respect of tangible fixed assets held for School use.

The Pension Reserve relates to the School's share of the deficit of the Local Government Pension Scheme overseen by the Local Authority.

Transfers between the Unrestricted Fund and the Restricted Fixed Asset Fund relate to fixed asset purchases made from Unrestricted Funds during the year.

PATE'S GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2012
(continued)

17 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	30,833,604	30,833,604
Current assets	298,814	366,656	1,656,588	2,322,058
Current liabilities	(31,815)	(129,889)	(762,926)	(924,630)
Pension scheme liability	-	(665,000)	-	(665,000)
Total net assets	266,999	(428,233)	31,727,266	31,566,032

18 CAPITAL COMMITMENTS

At 31st August 2012 the School had capital commitments of £Nil (2011 £Nil)

19 FINANCIAL COMMITMENTS

Operating leases

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

	2012 £	2011 £
Other		
Expiring within one year	9,932	-
Expiring within two and five years inclusive	23,545	10,631
Expiring after five years	-	1,080

20 RECONCILIATION OF NET INCOME TO NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES

	2012 £	2011 £
Net income	130,045	32,100,987
Depreciation (note 13)	834,619	560,701
Capital grants from DfE and other capital income	(672,834)	(2,345,592)
Transfers on conversion	-	(29,885,343)
Interest receivable (note 5)	(333)	(428)
FRS 17 pension cost less contribution payable (note 26)	(28,000)	-
FRS 17 pension finance costs (note 26)	28,000	-
Decrease/(increase) in debtors	811,251	(2,087,146)
Increase in creditors	282,043	642,587
Net cash inflow/(outflow) from operating activities	1,384,791	(1,014,234)

PATE'S GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2012
(continued)

21 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2012 £	2011 £
Interest received	<u>333</u>	<u>428</u>
Net cash inflow from returns on investment and servicing of finance	<u>333</u>	<u>428</u>

22 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2012 £	2011 £
Capital grants from DfE and other capital income	672,834	2,345,592
Purchase of tangible fixed assets	(2,035,313)	(310,068)
Receipts from sale of tangible fixed assets	<u>1,800</u>	<u>-</u>
Net cash (outflow)/inflow from capital expenditure and financial investment	<u>(1,360,679)</u>	<u>2,035,524</u>

23 ANALYSIS OF CHANGES IN NET FUNDS

	At 1st September 2011 £	Cash Flows £	At 31st August 2012 £
Cash in hand and at bank	<u>1,021,718</u>	<u>24,445</u>	<u>1,046,163</u>
	<u>1,021,718</u>	<u>24,445</u>	<u>1,046,163</u>

24 CONTINGENT LIABILITIES

In the event, during the period of the funding agreement, of the sale or disposal by other means of any asset for which a capital grant of whatever amount was received, the company shall, if it does not reinvest the proceeds, repay to the Secretary of State 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 company serving notice, the company shall repay to the Secretary of State sums determined by reference to

- a the value at that time of the School's site and premises and other assets held for the purposes of the company, 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

If the School ceased to be a state school with selective admissions, the lease of the school buildings could be terminated without compensation to the School. If the School ceased to be a state school it would have to transfer the school playing fields in accordance with the direction of the Secretary of State without compensation. In these circumstances the land and buildings would thus be valueless. There is no current indication that either of these circumstances will arise and accordingly the land and buildings are included as an asset without any liability for these contingencies

PATE'S GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 2012

(continued)

25 MEMBERS' LIABILITY

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

26 PENSION AND SIMILAR OBLIGATIONS

The School's employees belong to two principal pension schemes the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff Both are defined-benefit schemes

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

Costs incurred in the year relating to TPS were £348,246 (2011 £271,634) and relating to LGPS were £123,070 (2011 £90,211)

Contributions amounting to £47,129 (2011 £Nil) (TPS) and £12,360 (2011 £12,091) (LGPS) were payable to the schemes at 31st August 2012 and are included within other creditors

Teachers' Pension Scheme (TPS)

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

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

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

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

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

PATE'S GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2012
(continued)

26 PENSION AND SIMILAR OBLIGATIONS (continued)

Teachers' Pension Scheme (TPS) (continued)

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

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

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

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

Under the definitions set out in Financial Reporting Standard (FRS17) Retirement Benefits, the TPS is a multi-employer pension scheme. The School is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the School has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The School has set out above the information available on the scheme and the implications for the School in terms of the anticipated contribution rates.

Local Government Pension Scheme

The School is one of several employing bodies included within the Local Government Pension Scheme (LGPS).

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31st August 2012 was £153,540 (2011 £112,000), of which employer's contributions totalled £122,483 (2011 £90,211) and employees' contributions totalled £31,057 (2011 £21,789). The agreed contribution rates for future years are 27.1% for employers and for employees will vary according to salary banding and will be between 5.5% and 7.5%.

PATE'S GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2012
(continued)

26 PENSION AND SIMILAR OBLIGATIONS (continued)

Principal Actuarial Assumptions	At 31st August 2012	At 31st August 2011
Rate of increase in salaries	4.0%	4.4%
Rate of increase for pensions in payment/inflation	2.2%	2.6%
Discount rate for scheme liabilities	4.1%	5.4%
Inflation assumption (CPI)	2.2%	2.7%
Commutation of pensions to lump sum	50.0%	50.0%

Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below

Change in assumptions at year ended 31st August 2012	Approximate increase to employer liability %	Approximate monetary amount £'000
0.5% decrease in Real Discount Rate	10	122
1 year increase in member life expectancy	3	35
0.5% increase in the Salary Increase Rate	3	39
0.5% increase in the Pension Increase Rate	7	81

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

	At 31st August 2012	At 31st August 2011
Retiring today		
Males	21.7	21.7
Females	23.6	23.6
Retiring in 20 years		
Males	23.5	23.5
Females	25.8	25.8

PATE'S GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2012
(continued)

26 PENSION AND SIMILAR OBLIGATIONS (continued)

The School's share of the assets and liabilities in the scheme and the expected rate of return were -

	Expected Return at 31st August 2012 %	Fair Value at 31st August 2012 £'000	Expected Return at 31st August 2011 %	Fair Value at 31st August 2011 £'000
Equities	5.5	325	6.8	201
Government Bonds	3.3	137	4.6	81
Property	3.7	30	4.8	19
Cash/liquidity	2.8	15	3.9	9
Total market value of assets		507		310
Present value of scheme liabilities				
Funded		(1,172)		(874)
Deficit in the scheme		(665)		(564)

The expected return on assets is based on the long term future expected investment return for each asset class described above as at the beginning of the year

The actual return on scheme assets was £42,000 (2011 £4,000)

Amounts recognised in the Statement of Financial Activities

	2012 £'000	2011 £'000
Current service cost (net of employee contributions)	96	70
Past service cost	-	-
Total operating charge	96	70

Analysis of pension finance (income)/costs

Expected return on pension scheme assets	(23)	(12)
Interest on pension liabilities	51	34
Pension finance costs	28	22

The actuarial gains and losses for the current year are recognised in the Statement of Financial Activities. The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities since the adoption of FRS 17 is a £91,000 loss (2011 £10,000 gain)

PATE'S GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2012
(continued)

26 PENSION AND SIMILAR OBLIGATIONS (continued)

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

	2012	2011
	£'000	£'000
At 1st September 2011	874	766
Current service cost	96	70
Interest cost	51	34
Employee contributions	31	23
Actuarial (gain)/loss	<u>120</u>	<u>(19)</u>
At 31st August 2012	<u>1,172</u>	<u>874</u>

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

	2012	2011
	£'000	£'000
At 1st September 2011	310	195
Expected return on assets	23	12
Actuarial gain/(loss)	19	(9)
Employer contributions	124	89
Employee contributions	<u>31</u>	<u>23</u>
At 31st August 2012	<u>507</u>	<u>310</u>

The estimated value of employer contributions for the year ended 31st August 2013 is £109,000

The two year history of experience adjustments for the year is as follows:-

	2012	2011
	£'000	£'000
Present value of defined benefit obligations	(1,172)	(874)
Fair value of share of scheme assets	<u>507</u>	<u>310</u>
Deficit in the scheme	<u>(665)</u>	<u>(564)</u>
Experience adjustments on share of scheme assets		
Amount £'000	<u>19</u>	<u>(9)</u>
Experience adjustments on scheme liabilities		
Amount £'000	<u>-</u>	<u>-</u>

PATE'S GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2012
(continued)

27 RELATED PARTY TRANSACTIONS

Pate's Grammar School Foundation is a related party due to common members of the governing boards. During the year a revenue donation of £116,000 (2011 £113,000) was received from Pate's Grammar School Foundation. A consideration of £1,800 was also received during the year for the purchase of a Freehold Land that was sold to Pate's Grammar School Foundation.

Pate's Grammar School Foundation also provides bursary accommodation for Pate's Grammar School. During the year £2,150 (2011 £1,350) was charged for this service. As at 31st August 2012 £350 (2011 £150) was due and is included within trade creditors.

During the period ended 31st August 2011, Pate's Grammar School recognised a capital donation of £1,500,000. The capital donation made was a contribution towards building works at the School. A contract for the first phase for £1,386,986 was signed on 30th September 2011. As at 31st August 2012, £580,074 (2011 £1,100,000) had not been received and was included within accrued income due in less than one year. As at 31st August 2011 £513,000 was included within accrued income due in more than one year. These balances are reflected in the accounts of the Foundation.