

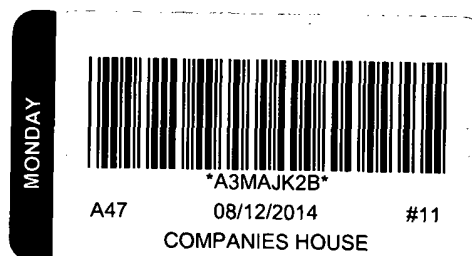
Bishop Wordsworth's Church of England Grammar School for Boys

(A Company Limited by Guarantee)

Fourth Annual Report and Financial Statements

Year ended 31 August 2014

Company Registration Number: 7525856 (England & Wales)



Bishop Wordsworth's Church of England Grammar School for Boys

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REFERENCE AND ADMINISTRATIVE DETAILS

Members: The Bishop of Salisbury (Represented by Mr A P Weale)
The Salisbury Diocesan Board of Education (Represented by Mr T Papé OBE, DL)
The Chapter of Salisbury Cathedral (Represented by Canon E Probert)
The Chair of Governors

Governors (Trustees) Mrs J Ranaboldo LLB (Chair)
Mr R W Herklots (V Chair) (to 30 Apr 14)
Mr A Taylor MBA * (V Chair from 1 May 14)
Prof A J Bell MA (Oxon) PhD
Miss V Brennan BA (Staff Governor from 18 Jul 14)
Mr R Dormer BSc (Parent Governor))
Dr S Ghauri MA MD FRCS (Co-opted Governor)
Mr J Hastings (Parent Governor)
Miss M J Horsburgh MA *
Dr K J Monserrat D Phil*
Mr T Papé BSc OBE, *
Mrs E Oakley * (Staff Governor to 4 May 14)
Mrs S Price BA (Staff Governor to 17 Jul 14)
Canon E Probert MA BA
Mrs C Short BA (Staff Governor from 5 May 14)
Mr A P Weale MA * (Representing the Bishop)
Mr J P B Ward BA *
Mrs C Whittaker BSc
Dr S D Smallwood PhD * (Headmaster and Accounting Officer)

Company Secretary Lieutenant Colonel D J Peerless MSc

Leadership Team: Dr S D Smallwood PhD (Headmaster)
Mr G Lloyd MA (Deputy HM)
Mrs H Taylor MA (Head of Lower School)
Mr R Burnside BA (Head of Sixth Form)
Mr A Harmsworth BSc (Assistant Head)
Mrs M Jenner BSc (Head of Middle School)
Mrs Claire Makin BA (Assistant Head)
Lieutenant Colonel J Moore (Bursar)
Mr J Rogers BSc (Assistant Head)

* Member of Finance & Audit Committee

Bishop Wordsworth's Church of England Grammar School for Boys

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

GOVERNORS' REPORT

1. The Governors present their fourth Annual Report together with the Financial Statements and Auditors' Report of Bishop Wordsworth's Church of England Grammar School for Boys, the charitable company, for the 12 months to 31 August 2014. The Annual Report serves the purposes of both a trustees' report, and a directors' report under company law.
2. The School is a 'not for profit organisation' that provides secondary education for boys from 11-18 years of age and had 915 pupils on roll on 31 August 2014. It offers a balanced and broadly based curriculum until the age of 16 and an 'A' Level curriculum from age 16 to 18 and prepares boys for external examination and subsequent entry to higher education in a wide range of academic disciplines. Pupils are mainly drawn from the Salisbury area at age 11 and also from both Salisbury and a wider area across South Wiltshire and West Hampshire at Sixth Form entry. As well as academic work, the school offers an extensive and highly successful programme of extra-curricular activities for pupils from across the entire age range. The School is a selective school within the meaning of section 6(4) of the Academies Act 2010 and is designated with a religious character as Church of England. The Christian tradition is central to the core values of the School.

STRUCTURE GOVERNANCE AND MANAGEMENT

3. **Constitution.** The School is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the School and are part of the Funding Agreement between the Company and the Secretary of State for Education. The Governors act as the trustees for the charitable activities of Bishop Wordsworth's Grammar School for Boys and are also the directors of the Charitable Company for the purposes of company law. Details of the governors who served throughout the year except as noted are included in the Reference and Administrative Details on Page 3.
4. **Members.** There are four members of the Academy Trust who are specified in the Articles of Association:
 - a. The Bishop: normally represented by an individual appointed by him.
 - b. The Salisbury Diocese Board of Education (SDBE): a corporate member represented by a SDBE member who is normally also a governor.
 - c. The Chapter of the Salisbury Cathedral: a corporate member represented by a Chapter member who is normally also a governor.
 - d. The current elected Chair of the Governing Body.
5. **Members' Liability.** Each member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.
6. **Governors.** The directors/ trustees /governors are referred to as 'governors' and together form the 'Governing Body'. There are different classes of governors as described at Paragraph 9 but all have equal votes.

7. **Governance.** The Members meet at least once each year to hold an AGM and may hold other general meetings if necessary. Governors may also call general meetings. All governors are invited to attend all general meetings and the AGM is normally held after a Governing Body Meeting. The Governing Body meets at least once a term and the Members are invited. Any items for Members only are voted on only by them.

Responsibilities are as follows:

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

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

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

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

- (1) **Evaluation Committee.** The Evaluation Committee meets annually to evaluate the performance of the Governing Body and to propose improvements if appropriate.
- (2) **Finance & Audit Committee.** The Finance & Audit Committee is concerned with the School's financial management, budget strategy and

receiving/ actioning financial system reports from the Internal Auditor and external audit reports.

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

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

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

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

d. **Heads of Department Committee.** Governors are represented on the Heads of Department Committee for items concerning the Curriculum and the School's academic assessment and monitoring procedures.

e. **Audit.** The public funds of the school are audited annually. To assist in the financial management of the school, the Governing Body has appointed the auditing firm as the Internal Auditor to undertake regular reviews of all financial processes and procedures. The Governors are also the Trustees of the private funds which are inspected by the accountants as an 'Independent Examination' as they are below the threshold for audit and governors consider that this is an appropriate check.

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

9. **Method of Recruitment and Appointment or Election of Governors.**

a. **Appointment/ Election.**

(1) The Members appoint up to 12 governors, one of whom is required to be the Diocesan Bishop who is ex-officio and who normally appoints a representative in his place.

(2) The Members may appoint 2 staff governors as follows (but have directed that, if possible, they be elected): a teacher, elected by the teaching staff, and a member of the support staff elected by the support staff.

(3) Two parent governors are elected by parents/guardians of pupils.

(4) The Headmaster is an ex-officio governor.

(5) The Governing Body, with the consent of the Diocesan Board of Education, may appoint up to three people as co-opted governors.

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

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

11. Organisational Structure - School Staff.

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

- (1) Headmaster - overall responsibility with delegated powers for running the school including staff appointments (except for Deputy Headmaster), financial contracts up to £75,000, subject options, exclusions up to 45 days per pupil per year and teaching standards. He is also the Accounting Officer.
- (2) Deputy Headmaster – Curricular Director, day to day running the School.
- (3) Assistant Head - Language College Director. (until 31 Aug 14)
- (4) Assistant Head - Continuous Professional Development.
- (5) Assistant Head - Director of Sixth Form.
- (6) Assistant Head - Director of Assessment & ICT.
- (7) Bursar.
- (8) Head of Lower School.
- (9) Head of Middle School.

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

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

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

- (1) **Academic Organisation.** The School is divided into academic departments which are grouped (for the purposes of both management and also effective operation) into Faculty Groups. Heads of Departments lead and manage their departments; they are budget holders and are responsible,

amongst other things, for establishing departmental aims and objectives consistent with overall School development plans, quality assurance, setting targets, monitoring standards, apportioning resources, acting as line managers to undertake appraisals for both teaching and support staff and contributing to the professional development of colleagues.

(a) Heads of Academic Faculties meet as a body with the Headmaster once every term, and the Head of each Faculty then leads the academic staff in their curriculum area in developmental meetings during the latter half of each term. The Head of every Academic Department meets the Headmaster individually for reviews in September and June. Governors are invited to attend the Heads of Faculty Meetings.

(b) The Heads of Faculty meetings also consider the review of and plans for changes to the school curriculum, with recommendations submitted to the Headmaster.

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

(2) **Pastoral Organisation.** The School is divided into three sections. The Lower School comprises Years 7-9 (Key Stage 3), the Middle School is Years 10-11 (Key Stage 4) and the Upper School is Years 12-13 (the Sixth Form). The Heads of Lower and Middle School (each with an assistant) both work with a tutor team with whom they meet regularly. The role of the tutor is crucial because high academic standards and pupil welfare are seen as interlinked, hence many full-time members act as tutors in which role they combine the roles of pastoral carer and academic manager of the pupils in their care. Sixth Form boys are assigned an academic mentor; the Mentor Team meets regularly with the Head of Sixth Form. Supplementary pastoral support is provided by the Senior Tutor and the Learning Support Co-ordinator ensures that any particular learning needs are considered and appropriate interventions made.

d. **Other Responsibilities.** Certain additional cross-curricular themes and whole school responsibilities fall to various members of both teaching and support staff as follows: Timetabling, Collective Worship, Appraisal for teaching and support staff, Staff Development, Child Protection & Safeguarding, Special Educational Needs & Disabilities (SEND) and Medical Conditions needs, Information and Communication Technology, Personal, Social and Health Education (PSHE) and Careers.

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

12. **Risk Management.** Governors considered risks via a risk register under the following main headings: Strategic, Infrastructure, Governance, Staffing, Pupils and

Financial. A non-linear matrix of risk likelihood vs severity is maintained to score risks, with current risk management and any further action required noted against each risk. The Register is reviewed annually and appropriate action taken if any new or increased risks are identified. In the opinion of the Governors, the School has established systems that, under normal circumstances, would allow the risks identified by them to be mitigated to an acceptable level in day-to-day operations. Main areas considered and management mitigation are at Paragraph 31.

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

OBJECTIVES AND ACTIVITIES

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

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

15. Objectives, Strategies and Activities. The prime objective for this year was the continuity of provision of outstanding education to pupils with reducing Government funding per pupil. The main strategy for achieving this was a review and streamlining of the curriculum leading to a reduction in some minority subjects and consequent reduction in staff numbers by voluntary and compulsory redundancy. There were also economies made in the provision of Languages and Science, consequent on the loss of subject specialism funding. Additionally, the plan to increase pupil numbers by increasing the number of pupils in each class commenced in September 2014.

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

STRATEGIC REPORT - ACHIEVEMENTS AND PERFORMANCE

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

- a. **GCSE.** The Year Group was 116. 65% of the grades were at either A* or A and 13 boys passed all of their papers at A*/A. 100% gained at least 5 good GCSEs including Maths and English, 76% gained at least 5A*/A grades and 63% passed their English Baccalaureate (or 93% if IGCSE Geography is included as had been originally notified).
- b. **'A' Level.** The year group was 147. 70% of the grades were 'B' or better and 15% of all papers were graded at 'A*'. 33 boys in the year group gained at least 3 'A' levels at 'A*/A' including 6 boys who gained 3 or more 'A*' grades.
- c. **University Entry.** 87 out of 119 (73%) of boys secured their first choice of university and the university entry breakdown is as follows:

Oxbridge	8
Other Russell Group	47
Other Universities	63.
- d. **Gap Year.** As usual, a number of boys chose to take a gap year in 2014-2015 and many will apply for university entry for September 2015.
- e. **Extra-curricular.** The School offers a wide variety of sports and competes against other schools. Additionally, training towards Duke of Edinburgh scheme Bronze, Silver and Gold awards is offered and 76, 26 and 9 respectively were working towards the awards. In the year to 31 August 2014, 48, 24 and 23 respectively attained awards (some pupils attained the award since the previous report but after enrolment in 2012/13. During the year, cooking and fencing courses were continued.

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

- a. **Sports Hall.** Access by clubs and individuals to the Sports Hall including the Fitness Suite.
- b. **Language Classes.** Provision of evening classes in: Italian, French, Spanish, German, Russian and Mandarin.
- c. **Upholstery & Watercolour Classes.** Provision of classroom space for external or internal instructors.
- d. **11+ Familiarisation.** Provision of classes.

19. **Key Performance Indicators.** The key indicators are:

- a. **Indicator 1 – In year Performance.** The year-end revenue cash balance is within 2% of the agreed budget.
 - (1) **Outcome.** The year-end figure (before pension scheme actuarial gains/losses) was a £114.3K surplus and the budget was for a £3.7K deficit.

Therefore, on a circa £5M turnover, the variance was 2% and the performance requirement was met.

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

(1) **Outcome.** The projections are: 2014/15 - £0.76K surplus, 2015/16 - £150.5 deficit and 2016/17 - £246.6K deficit. At respectively 0.2% (surplus), 3.0% (deficit) and 4.8%% (deficit) of turnover this indicator was only met for 2014/15 but was not met for the other years nor for the 3 year aggregate which was not met by an unsustainable amount.

(2) **Action.** The Headmaster and Bursar took measures during the year under the Governors' action plan and consequently staff costs were reduced by voluntary retirement and redundancies. Revenue raising initiatives have now started to be put in place to utilise the Schools infrastructure and the initiative to increase Gift Aid giving from parents has had some success. Nevertheless, governors consider that further staff reductions may be required unless Government funding is increased and therefore the work of budget balancing by the Finance Committee will continue.

c. Indicator 3 - GCSE Performance. That the results are equal or better than the following:

- (1) 65% of all grades A* or A.
- (2) 100% of boys awarded at least 5 GCSEs including Maths and English.
- (3) 75% of boys awarded 5 or more A* or A grades.

Outcome: exceeded, see Paragraph 17

d. Indicator 4 – 'A' Level Performance. That the results are equal or better than the following:

- (1) 65% of all grades A* to B.
- (2) 100% of all boys awarded 3 or more 'A' levels.

Outcome: exceeded, see Paragraph 17.

e. Indicator 5 – Ofsted Grading. That the Ofsted grading is 'outstanding'.

Outcome: there has been no inspection in the period.

20. 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.

FINANCIAL REVIEW

21. The Statement of Accounts and Auditors' Report commences at Page 24. It complies with the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005).

22. **Income.** The Accounts show that the main incoming resources were from educational funding totalling (previous year in brackets) £4,489K (£4,568K). Income from activities for generating funds was £561K (£573K), including Catering Income of £226K (£208K,) and exam fees of £16,3K (£21,3K). Income from donations and private sources was £107K (£105,4K1). The income in the current year is £89.3K less than that for the previous year and mainly for the same reason as the previous year: because of the reduction in Government funding.

23. **Expenditure.** The main expenditure was on staff costs which were reduced to £3,959K (£4,010K) which includes £559K (£504K) on Support Staff costs and £106K (£105K) on Catering Staff costs. Other significant expenditure was £129K (£123K) on Catering, excluding staff costs £127K (£177K) on educational supplies; a significant reduction at £66K (£120K) on maintenance of premises and equipment; £108.5K (£111.5K) on examination fees; £88.2K (£87.4K) on cleaning and £81.9K (£86.4K) on lighting & heating.

24. **Excess of Income.** The income exceeded the resources expended on expenditure and management in the Period by £114.3K (£59.6K), which represents 2.2% of turnover, but this figure excludes, and is overshadowed by, the revalued support staff defined benefit pensions' deficit inherited from Wiltshire Council. The deficit was re-assessed by the 31 August 2014 actuarial valuation (for FRS17 purposes) and the actuarial loss was £232K (£34K) gain).

25. **Fixed Assets.** The fixed assets of the School consist of buildings constructed since the Company was formed, computer equipment and motor vehicles which are shown on the Balance Sheet at a total of £436K (£359K). Buildings leased on conversion to an academy are not shown on the Balance Sheet due to restrictive covenants on the leases.

26. **Total Fund Value.** The excess of income in the Period together with the surplus brought forward plus the fixed assets and less the greatly increased actuarial pension liability of £686K deficit (£420K deficit) constitutes the value of the fund at £513 (£118,207).

27. **Financial Highlights.** Although there was of a fall of 1.7% in Government funding (with GAG alone down by £103K), direct costs are down by 3.5% (£137K), support costs are down by 0.6% (£8K) and overall costs are down by 2.8% (£144K).

28. **Financial and Risk Management Objectives and Policies.** The School has no investments other than bank balances and no trade creditors other than the Government. Therefore, apart from the areas listed at Paragraph 31 below, the only material risk is the deficit on the staff defined pension scheme: but see Subparagraph 31b below. An FRS 17 actuarial review valuation was carried out by Wiltshire County Council as at 31 August 2014 (as noted at Paragraph 24).

29. **Reserves Policy.** The School has a rolling programme of improvements to its physical and technological infrastructure. The School manages the flow and efficiency of

these capital projects through careful financial planning and considers that there is a need to maintain a level of reserves sufficient to meet these commitments and to provide for unplanned expenditure. Therefore, in the medium term, reserves will be maintained when possible by the introduction of additional funding streams. Additionally, the private funds listed at Paragraph 33 provide an extra level of reserves although some of them are covenanted for specific purposes.

30. **Investment Policy.** The investment policy is that any surplus funds are held as cash in bank and, if there was to be any significant accumulation of funds, it would be invested appropriately.

PRINCIPAL RISKS AND UNCERTAINTIES

31. The objective and policy of risk management is to identify risks, score them in likelihood and severity and therefore grade them and to take management action to mitigate risk particularly for any with high grades. The main risk headings are considered to be:

- a. **Deficit.** The Company runs into deficit (excluding pension' liability). This risk continues to increase because of the continued reduction in government funding per pupil in the Sixth Form, the uncertainty of any inflation increase and the introduction of other post 16 education facilities in Salisbury. Mitigation: the work initiated by the Finance Working Group has been continued by the Finance & Audit Committee; production of a medium term financial forecast to 3 years ahead, and a longer term forecast to 5 years ahead; development of sources of additional income and savings in costs where possible. Cost savings now achieved include: the removal of some non-core subjects, increased set sizes and concomitant staff reductions.
- b. **Pensions Liability.** Pensions' liability becomes unsustainable. Mitigation: review annually and increase contribution rate if appropriate but the Government has stated that the deficit would be met if the School closed.
- c. **Additional Staffing Liabilities.** Increased in-year liabilities due to staffing issues: maternity, long term illness, tribunals and redundancy. Mitigation: build annual contingency into budget and accumulate unused contingency in-year to a reserve.
- d. **Finance Skills/ Misuse of Funds.** Financial controls and/or financial staff training may not be robust enough to identify possible problems. Mitigation: a firm of chartered accountants has been appointed to provide an internal audit service to conduct a running monthly review of systems and account entries.
- e. **Major Disaster.** Fire, explosion, flooding, vandalism/ burglary. Mitigation: policies to minimise risk and Major Incident Plan.
- f. **Major Failure in Governance.** Mitigation: robust internal management/ monitoring systems, third party insurance, annual review of policies and procedures.
- g. **Staffing Issues.** Mitigation: recruitment procedures, robust performance management, staff briefing and social events, involvement of staff in staff policies.
- h. **Pupil Issues.** Mitigation: pastoral care and mentoring systems, external academic monitoring, trip risk management, safeguarding procedures.

PLANS FOR FUTURE PERIODS

32. The main aims for the next three years are as follows:

- a. To balance income and expenditure by continuing to decrease expenditure and developing initiatives to generate additional income including the pupil increase below.
- b. To continue to increase the number of pupils to 128 for each year group in the Lower and Middle School to class numbers of 32 (from 30).
- c. To drive up academic standards, quality of teaching and quality of outcomes for all pupils.
- d. To encourage more social mobility through the use of appropriate strategies to attract boys who are disadvantaged by their backgrounds.
- e. To use Academy Status as a platform for developing excellence and working with other primary and secondary schools to enhance educational quality in the region.
- f. Further development of primary and secondary collaboration, including Continuous Professional Development (CPD).
- g. Further development of links with Higher Education, local community and business, and a broad range of other activities to utilise better the school's facilities during out-of-hours periods.
- h. To expand extra-curricular activities on a manageable, sustainable & affordable basis, encourage staff involvement and establish a regional reputation for the School in extra-curricular provision.
- i. To complete refurbishment of the older parts of the School site.
- j. To continue to improve the quality of support and challenge for 6th Form pupils through mentoring and target setting in order to improve standards and results and so improve access to the most competitive institutions of higher education.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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

- a. **The School Fund.** Income includes: pupil subscriptions; donations and contributions which are used to support activities such as sport; travel for school functions; hospitality; homework diaries and speech day prizes. The School Fund also acts as a 'banker' for various clubs and other funds within the School including drama, charity, music and chapel.
- b. **The Foundation Fund.** The Foundation Fund holds interest bearing accounts for prize funds, bequests and the following memorial funds: Robert Gillo, Wort, Pam Errington, and Roger Pennels. In addition, there is a general reserve accumulated over the years from donations and interest. Resources are used to fund prizes, education and sports grants, school functions and guest speaker expenses. The

Bishop Wordsworth's Church of England Grammar School for Boys

Foundation Fund also receives dividends from the Humby Bequest investment which are then used at governors' discretion in support of the School.

c. **The Travel Fund.** The Travel Fund holds income received from pupils for school trips. Each trip is accounted for separately and any surplus money is refunded to the pupil after a small administrative charge. A school trip in deficit will be covered from reserves built up from interest earned. Subject to agreement by governors, these reserves may also be used to subsidise travel for a pupil whose parents are experiencing financial difficulties or a member of staff where the cost is high but attendance is essential.

d. **The Income Appeal.** Used to collect Gift Aid donations and apply them at governor's discretion for the educational benefit of the School.

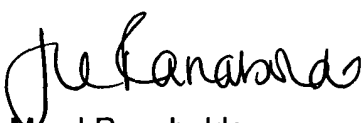
AUDITOR

34. 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.

35. It is expected that the Auditors will be reappointed by the Members for the year to 31 August 2015.

APPROVAL

36. This Governors' Report, incorporating a strategic report, was approved by order of the Board of Governors, as Trustees and the Company Directors, on 2 December 2014 and signed on the board's behalf by:



Mrs J Ranaboldo
Chair of Governing Body and Academy Trust

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

38. The Governing Body has delegated the day-to-day responsibility to the Headmaster, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between Bishop Wordsworth's School and the Secretary of State for Education. He is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

GOVERNANCE

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

Governor	Meetings Attended	Out of a Possible
Mrs J Ranaboldo (Chair)	5	5
Mr R W Herklots (V Chair to 30 Apr 14)	3	3
Mr A Taylor (V Chair from 1 May 14)	3	5
Prof A J Bell	3	5
Mrs V Brennan	0	0
Mr R Dormer	4	5
Dr S Ghauri	5	5
Mr J Hastings	4	5
Miss M J Horsburgh	5	5
Dr K J Monserrat	2	5
Mrs E Oakley	2	3
Mr T Papé	4	5
Mrs S Price	5	5
Canon E Probert	3	5
Mrs C Short	2	2
Dr S D Smallwood	5	5
Mr J P B Ward	4	5
Mr A P Weale	4	5
Mrs C Whittaker	5	5

40. **Key Governor Changes.** Mr Taylor elected as Vice Chair, Miss Horsburgh elected as Chair Pay & Staffing Committee and Mrs Whittaker elected as Chair Property Health & Safety Committee.

41. **Significant Challenges.** The main challenge has been assuring financial viability due to decreased funding per pupil as described at Paragraph 15 above while retaining the quality and ethos of the School.

42. Governance Reviews. Governors complete a self-evaluation review questionnaire annually. The results are analysed and then considered by the Evaluation Committee which makes recommendations to the Governing Body. This year there were no recommendations.

43. Finance & Audit Committee. The Finance and Audit Committee is a sub-committee of the main Governing Body. Its purpose is to oversee all aspects of public and private finance including receiving reports from the external auditors/reporting accountants and the Internal Auditor. The main issues during the year were to construct a budget with reduced funding for the 2014/15 year and to consider recommendations by the Internal Auditor and implement them as appropriate. Attendance at the three meetings in the year was as follows:

Governor	Meetings Attended	Out of a Possible
Mr A P Weale	4	4
Miss J Horsburgh	3	4
Dr K Monserrat	3	4
Mrs E Oakley	2	3
Mr T Papé	3	4
Mr A Taylor	3	4
Mr J Ward		
Dr S D Smallwood	4	4

INTERNAL CONTROL AND RISK

44. The Purpose of the System of Internal Control. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of School policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. The system of internal control has been in place in Bishop Wordsworth's School for the year ended 31 August 2014 and up to the date of approval of the Annual Report and Financial Statements.

45. Capacity to Handle Risk. The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the School's significant risks that has been in place for the period ending 31 August 2014 and up to the date of approval of the Annual Report and Financial Statements. This process is regularly reviewed by the Governing Body.

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

Bishop Wordsworth's Church of England Grammar School for Boys

- a. Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body.
- b. Regular reviews by the Finance and Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes.
- c. Settings targets to measure financial and other performance.
- d. Clearly defined purchasing (asset purchase or capital investment) guidelines.
- e. Delegation of authority and segregation of duties.
- f. Identification and management of risks.

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

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

- a. The work of the Internal Auditor which has also been considered by the Finance & Audit Committee
- b. The end of year audit.
- c. The financial management and governance self-assessment process.
- d. The work of the executive managers within the School who have responsibility for the development and maintenance of the internal control framework.

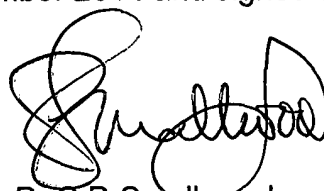
49. Post System Review Action. The Accounting Officer has been advised of the implications of the result of the review of the system of internal control by the Internal Auditor on behalf of the Finance and Audit Committee and a plan to address any weaknesses and ensure continuous improvement of the system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

APPROVAL

Approved by order of the Governing Body on 2 December 2014 and signed on its behalf by:



Mrs J Ranaboldo
Chair of Governing Body and Academy Trust



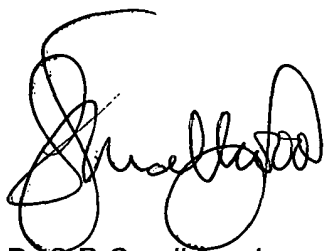
Dr S D Smallwood
Accounting Officer

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



Dr S D Smallwood
Accounting Officer

STATEMENT OF GOVERNORS' RESPONSIBILITIES

53. The Governors (who act as trustees for charitable activities of Bishop Wordsworth's School and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Governors' Report and the Financial Statements in accordance with the Annual Accounts Requirements issued by the Educational Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- a. Select suitable accounting policies and then apply them consistently.
- b. Observe the methods and principles in the Charities SORP.
- c. Make judgments and estimates that are reasonable and prudent.
- d. State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statement.

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

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

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

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

APPROVAL

58. Approved by order of the Governing Body on 2 December 2014 and signed on its behalf by:



Mrs J Ranaboldo

Chair of Governing Body and Academy Trust

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

Bishop Wordsworth's Church of England Grammar School for Boys

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accounts of Bishop Wordsworth's Church of England Grammar School for Boys for the year ended 31 August 2014 set out on pages 15 to 36. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the EFA.

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

Respective responsibilities of governors and auditors

As explained more fully in the Governors' Responsibilities Statement set out on page 10, the governors, who are also the directors of Bishop Wordsworth's Church of England Grammar School for Boys for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

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

Scope of the audit of the accounts

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

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2014 issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

Matters on which we are required to report by exception

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

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



Andrew Williams (Senior Statutory Auditor)
Moore Stephens (South) LLP

**Chartered Accountants
Statutory Auditor**

33 The Clarendon Centre
Salisbury Business Park

Dairy Meadow Lane
Salisbury

Wiltshire
SP1 2TJ

Dated: 5 December 2014.....

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

In accordance with the terms of our engagement letter dated 07 March 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Bishop Wordsworth's Church of England Grammar School for Boys during the period 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Bishop Wordsworth's Church of England Grammar School for Boys' accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Bishop Wordsworth's Church of England Grammar School for Boys' funding agreement with the Secretary of State for Education dated in 2011 and the Academies Financial Handbook, extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2013 to 31 August 2014 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 2014 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 academy trust's income and expenditure.

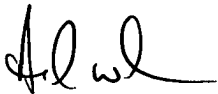
The work undertaken to draw to our conclusion includes:

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

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Andrew Williams

Reporting Accountant

Moore Stephens (South) LLP

33 The Clarendon Centre

Salisbury Business Park

Dairy Meadow Lane

Salisbury

Wiltshire

SP1 2TJ

Dated:^S..... December 2014.....

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

FOR THE PERIOD

1 SEPTEMBER 2013 TO 31 AUGUST 2014

Bishop Wordsworth's Church of England Grammar School for Boys

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

FOR THE YEAR ENDED 31 AUGUST 2014

		Unrestricted funds	Restricted funds	Fixed Asset fund	Total 2014	Total 2013
	Notes	£	£	£	£	£
<u>Incoming resources</u>						
<i>Resources from generated funds</i>						
- Voluntary income	2	106,968	-	-	106,968	105,391
- Activities for generating funds	3	149,648	411,257	-	560,905	572,882
- Investment income	4	574	-	-	574	455
<i>Resources from charitable activities</i>						
- Funding for educational operations	5	-	4,383,002	106,197	4,489,199	4,568,179
Total incoming resources		<u>257,190</u>	<u>4,794,259</u>	<u>106,197</u>	<u>5,157,646</u>	<u>5,246,907</u>
<u>Resources expended</u>						
<i>Costs of generating funds</i>						
<i>Charitable activities</i>						
- Educational operations	7	107,581	4,899,080	13,824	5,020,485	5,165,214
Governance costs	8	-	22,855	-	22,855	22,056
Total resources expended	6	<u>107,581</u>	<u>4,921,935</u>	<u>13,824</u>	<u>5,043,340</u>	<u>5,187,270</u>
Net incoming/(outgoing) resources before transfers		<u>149,609</u>	<u>(127,676)</u>	<u>92,373</u>	<u>114,306</u>	<u>59,637</u>
Gross transfers between funds		(106,968)	122,538	(15,570)	-	-
Net income/(expenditure) for the year		<u>42,641</u>	<u>(5,138)</u>	<u>76,803</u>	<u>114,306</u>	<u>59,637</u>
<u>Other recognised gains and losses</u>						
Actuarial gains/(losses) on defined benefit pension scheme	17	-	(232,000)	-	(232,000)	34,000
Net movement in funds		<u>42,641</u>	<u>(237,138)</u>	<u>76,803</u>	<u>(117,694)</u>	<u>93,637</u>
Fund balances at 1 September 2013		<u>178,957</u>	<u>(420,000)</u>	<u>359,250</u>	<u>118,207</u>	<u>24,570</u>
Fund balances at 31 August 2014		<u>221,598</u>	<u>(657,138)</u>	<u>436,053</u>	<u>513</u>	<u>118,207</u>

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

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

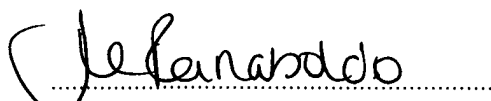
Bishop Wordsworth's Church of England Grammar School for Boys

BALANCE SHEET

AS AT 31 AUGUST 2014

	Notes	2014 £	£	2013 £	£
Fixed assets					
Tangible assets	11		372,873		359,250
Current assets					
Debtors	12	149,063		81,717	
Cash at bank and in hand		430,867		262,396	
		<u>579,930</u>		<u>344,113</u>	
Creditors: amounts falling due within one year	13	<u>(266,290)</u>		<u>(165,156)</u>	
Net current assets			<u>313,640</u>		<u>178,957</u>
Total assets less current liabilities			686,513		538,207
Defined benefit pension liability	17		<u>(686,000)</u>		<u>(420,000)</u>
Net assets			<u>513</u>		<u>118,207</u>
Funds of the academy trust:					
Restricted income funds	15				
- Fixed asset funds			436,053		359,250
- General funds			28,862		-
- Pension reserve			<u>(686,000)</u>		<u>(420,000)</u>
Total restricted funds			<u>(221,085)</u>		<u>(60,750)</u>
Unrestricted funds	15		<u>221,598</u>		<u>178,957</u>
Total funds			<u>513</u>		<u>118,207</u>

The accounts were approved by order of the board of governors and authorised for issue on 2 December 2014 and are signed on their behalf by:



Mrs J Ranaboldo

Chair of Governing Body and Academy Trust

Company Number 7525856

Bishop Wordsworth's Church of England Grammar School for Boys

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2014

	Notes	2014 £	2013 £
Net cash inflow/(outflow) from operating activities	18	89,516	132,127
Returns on investments and servicing of finance			
Investment income	574	455	
Net cash inflow/(outflow) from returns on investments and servicing of finance		574	455
		90,090	132,582
Capital expenditure and financial investments			
Capital grants received	106,197	35,293	
Payments to acquire tangible fixed assets	(27,447)	(8,372)	
Net cash flow from capital activities		78,750	26,921
Net cash inflow/(outflow) before financing		168,840	159,503
Financing			
Repayment of other loan	(369)	35,307	
Net cash inflow/(outflow) from funding		(369)	35,307
Increase/(decrease) in cash	19	168,471	194,810

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

1.2 Going concern

The 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 accounts.

1.3 Incoming resources

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

Grants receivable

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable, where there is certainty of receipt and the value of the donation is measurable.

Donations

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

Other income

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

Donated services and gifts in kind

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2014

1 Accounting policies

1.4 Resources expended

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

Costs of generating funds

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

Charitable activities

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

Governance costs

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

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

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a [straight-line/reducing balance] basis over its expected useful life, as follows:

Land and buildings	2% Straight Line
Computer equipment	20% Straight Line
Fixtures, fittings & equipment	15% Straight Line
Motor vehicles	25% Straight Line

1.6 Leasing and hire purchase commitments

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

1.7 Taxation

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

1 Accounting policies

1.8 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 17, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions are recognised as they are paid each year.

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

1.9 Fund accounting

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

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

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

2 Voluntary income

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Other donations	106,968	-	106,968	105,391

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

3 Activities for generating funds

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Hire of facilities	38,889	-	38,889	36,767
Catering income	-	225,937	225,937	207,628
Music tuition	27,360	-	27,360	31,564
Joint course income with SWGG	-	17,383	17,383	38,098
Examination fees income	-	16,331	16,331	21,261
Visits and trip income	81,746	-	81,746	52,257
Departmental income	-	151,606	151,606	182,748
Other income	1,653	-	1,653	2,559
	<u>149,648</u>	<u>411,257</u>	<u>560,905</u>	<u>572,882</u>

4 Investment income

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Other investment income	<u>574</u>	<u>-</u>	<u>574</u>	<u>455</u>

5 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
DfE / EFA grants				
General annual grant (GAG)	-	4,330,349	4,330,349	4,433,926
Capital grants	-	106,197	106,197	35,293
Other DfE / EFA grants	-	42,169	42,169	80,731
	<u>-</u>	<u>4,478,715</u>	<u>4,478,715</u>	<u>4,549,950</u>
Other government grants				
Other grants	-	10,484	10,484	18,229
	<u>-</u>	<u>10,484</u>	<u>10,484</u>	<u>18,229</u>
Total funding	<u>-</u>	<u>4,489,199</u>	<u>4,489,199</u>	<u>4,568,179</u>

Bishop Wordsworth's Church of England Grammar School for Boys

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

6 Resources expended

	Staff costs £	Premises & equipment £	Other costs £	Total 2014 £	Total 2013 £
Academy's educational operations					
- Direct costs	3,312,512	-	451,219	3,763,731	3,904,214
- Allocated support costs	666,814	79,814	510,126	1,256,754	1,261,000
	<u>3,979,326</u>	<u>79,814</u>	<u>961,345</u>	<u>5,020,485</u>	<u>5,165,214</u>
Other expenditure					
Governance costs	-	-	22,855	22,855	22,056
	<u>-</u>	<u>-</u>	<u>22,855</u>	<u>22,855</u>	<u>22,056</u>
Total expenditure	<u>3,979,326</u>	<u>79,814</u>	<u>984,200</u>	<u>5,043,340</u>	<u>5,187,270</u>

Incoming/outgoing resources for the year include:

	2014 £	2013 £
Operating leases		
- Other	27,956	30,017
Fees payable to auditor		
- Audit	4,800	4,650
- Other services	<u>4,750</u>	<u>1,340</u>

Bishop Wordsworth's Church of England Grammar School for Boys

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

7 Charitable activities - the academy trust's educational operations

	Unrestricted funds	Restricted funds	Total 2014	Total 2013
	£	£	£	£
Direct costs				
Teaching and educational support staff costs	-	3,291,702	3,291,702	3,400,878
Technology costs	-	47,277	47,277	45,653
Educational supplies and services	-	127,124	127,124	177,356
Examination fees	-	108,513	108,513	111,516
Staff development	-	20,810	20,810	21,972
Music fees	34,180	-	34,180	31,869
Other direct costs	73,401	60,724	134,125	114,970
	<u>107,581</u>	<u>3,656,150</u>	<u>3,763,731</u>	<u>3,904,214</u>
Allocated support costs				
Support staff costs	-	666,814	666,814	609,566
Depreciation	-	13,824	13,824	12,768
Technology costs	-	3,319	3,319	5,050
Recruitment and support	-	19,632	19,632	20,641
Maintenance of premises and equipment	-	65,990	65,990	119,801
Cleaning	-	88,196	88,196	87,436
Energy costs	-	81,879	81,879	86,411
Rent and rates	-	56,392	56,392	47,021
Insurance	-	39,919	39,919	40,729
Security and transport	-	36,780	36,780	38,380
Catering (excluding staff costs)	-	128,879	128,879	123,365
Interest and finance costs	-	5,000	5,000	11,000
Other support costs	-	50,130	50,130	58,832
	<u>-</u>	<u>1,256,754</u>	<u>1,256,754</u>	<u>1,261,000</u>
Total costs	<u>107,581</u>	<u>4,912,904</u>	<u>5,020,485</u>	<u>5,165,214</u>

Bishop Wordsworth's Church of England Grammar School for Boys

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

8 Governance costs

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Legal and professional fees	-	1,156	1,156	1,180
Auditor's remuneration				
- Audit of financial statements	-	4,800	4,800	4,650
- Other audit costs	-	3,200	3,200	3,258
- Responsible Officer internal audit		1,550	1,550	2,600
Payroll support	-	12,149	12,149	10,368
	-	22,855	22,855	22,056

9 Staff costs

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

	2014 Number	2013 Number
Teachers	55	57
Administration and support	28	29
Management	7	7
	90	93

Costs included within the accounts:

	2014 £	2013 £
Wages and salaries	3,218,199	3,256,262
Social security costs	236,084	241,532
Other pension costs	484,904	482,201
	3,939,187	3,979,995
Supply teacher costs	19,329	30,449
Staff development and other staff costs	20,810	21,972
Total staff costs	3,979,326	4,032,416

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

	2014 Number	2013 Number
£80,001 - £90,000	1	1

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

9 Staff costs

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

		2014	2013
Teachers' Pension Scheme	Numbers	1	1
	£	7,007	7,007

10 Governors' remuneration and expenses

The Principal and other staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the academy trust in respect of their role as governors. During the year, travel and subsistence payments totalling £nil (2013: £nil) were reimbursed to the governors.

Costs relating to the Governors annual meal amounted to £207 during the year (2013: £377).

The value of governors' remuneration was as follows:

Dr S D Smallwood PhD (Principal) £80,001 - £90,000 (2013: £80,001 - £90,000)
 Mrs A Brown (Staff Governor) £nil (2013: £0 - £10,000)
 Mrs K Goodwin (Staff Governor) £nil (2013: £20,001 - £30,000)
 Mrs S Price (Staff Governor) £20,001 - £30,000 (2013: £nil)
 Mrs E Oakley (Staff Governor) £0 - £10,000 (2013: £0 - £10,000)
 Mrs C Short (Staff Governor) £0 - £10,000 (2013: N/A)
 Miss V Brennan (Staff Governor) £0 - £10,000 (2013: N/A)

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

Governors' and officers' insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2014 was £26,533 (2013: £40,046).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2014

11 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 September 2013	353,068	20,664	-	14,110	387,842
Additions	23,847	-	3,600	-	27,447
	<u>376,915</u>	<u>20,664</u>	<u>3,600</u>	<u>14,110</u>	<u>415,289</u>
At 31 August 2014	376,915	20,664	3,600	14,110	415,289
Depreciation					
At 1 September 2013	13,070	8,214	-	7,308	28,592
Charge for the year	7,061	4,492	570	1,701	13,824
	<u>20,131</u>	<u>12,706</u>	<u>570</u>	<u>9,009</u>	<u>42,416</u>
At 31 August 2014	20,131	12,706	570	9,009	42,416
Net book value					
At 31 August 2014	356,784	7,958	3,030	5,101	372,873
	<u>356,784</u>	<u>7,958</u>	<u>3,030</u>	<u>5,101</u>	<u>372,873</u>
At 31 August 2013	339,998	12,450	-	6,802	359,250
	<u>339,998</u>	<u>12,450</u>	<u>-</u>	<u>6,802</u>	<u>359,250</u>

The school's sports field at Britford Lane may be subject to a covenant requiring chancel repair liability in respect of Britford Parish Church. The theoretical liability is very small and therefore the Governors have decided it is appropriate to take no action.

The insured cost value of the school buildings is £17,673,794.

12 Debtors

	2014 £	2013 £
Trade debtors	969	16,839
VAT recoverable	308	37
Other debtors	116,672	21,432
Prepayments and accrued income	31,114	43,409
	<u>149,063</u>	<u>81,717</u>

Bishop Wordsworth's Church of England Grammar School for Boys

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

13	Creditors: amounts falling due within one year	2014	2013
		£	£
	Other loans	34,938	35,307
	Trade creditors	57,660	58,712
	Taxes and social security costs	68,788	-
	Other creditors	35,626	17,751
	Deferred income	69,278	53,386
		<u>266,290</u>	<u>165,156</u>
14	Deferred income	2014	2013
		£	£
	Deferred income is included within:		
	Creditors due within one year	69,278	53,386
		<u>69,278</u>	<u>53,386</u>
	Total deferred income at 1 September 2013	53,386	10,118
	Amounts credited to the statement of financial activities	(53,386)	(10,118)
	Amounts deferred in the year	69,278	53,386
		<u>69,278</u>	<u>53,386</u>
	Total deferred income at 31 August 2014	69,278	53,386

Deferred income relates to income which was received in the year to 31 August 2014 but relates to the year to 31 August 2015. Details of the amounts deferred at the year end are as follows:

Bursary Grant £4,792
Insurance Grant £38,349
Exclusion Support £7,666
Other £18,471

Bishop Wordsworth's Church of England Grammar School for Boys

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

15 Funds

	Balance at 1 September 2013	Incoming resources	Resources expended	Gains, losses and transfers	Balance at 31 August 2014
	£	£	£	£	£
Restricted general funds					
General Annual Grant	-	4,330,349	(4,759,056)	457,569	28,862
Other DfE / EFA grants	-	42,169	-	(42,169)	-
Other government grants	-	10,484	-	(10,484)	-
Other restricted funds	-	411,257	(128,879)	(282,378)	-
Funds excluding pensions	-	4,794,259	(4,887,935)	122,538	28,862
Pension reserve	(420,000)	-	(34,000)	(232,000)	(686,000)
	(420,000)	4,794,259	(4,921,935)	(109,462)	(657,138)
Restricted fixed asset funds					
DfE / EFA capital grants	359,250	106,197	(13,824)	(15,570)	436,053
Total restricted funds	(60,750)	4,900,456	(4,935,759)	(125,032)	(221,085)
Unrestricted funds					
General funds	178,957	257,190	(107,581)	(106,968)	221,598
	178,957	257,190	(107,581)	(106,968)	221,598
Total funds	118,207	5,157,646	(5,043,340)	(232,000)	513

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

The Restricted fixed asset funds relate to those used to by the capital assets of the school and ACMF grants received which are unspent at the year end relating to the new reception block which is currently under construction.

The Unrestricted funds are donations and other trading activities that have been applied for educational purposes.

Other DfE/EFA grants have been applied in the specific purposes of their issue.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

Bishop Wordsworth's Church of England Grammar School for Boys

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

16 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Fixed asset funds	Total funds
	£	£	£	£
Fund balances at 31 August 2014 are represented by:				
Tangible fixed assets	-	-	372,873	372,873
Current assets	487,888	28,862	63,180	579,930
Creditors: amounts falling due within one year	(266,290)	-	-	(266,290)
Defined benefit pension liability	-	(686,000)	-	(686,000)
	<u>221,598</u>	<u>(657,138)</u>	<u>436,053</u>	<u>513</u>

17 Pensions and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Wiltshire Council. Both are defined-benefit schemes. The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 August 2013 and of the LGPS 31 August 2013.

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

Teachers' Pension Scheme

Introduction

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

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

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

Valuation of the Teachers' Pension Scheme

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

17 Pensions and similar obligations

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015. A copy of the valuation report and supporting information is on the Teachers' Pensions website.

Teachers' Pension Scheme changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

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

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

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

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatting Teachers' Pension Scheme, and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatting scheme will commence on 1 April 2015.

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 13.1 per cent for employers and 6.4 per cent for employees. The estimated value of employer contributions for the forthcoming year is £108,000.

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

Bishop Wordsworth's Church of England Grammar School for Boys

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

17 Pensions and similar obligations

	2014	2013
	£	£
Employer's contributions	118,000	108,000
Employees' contributions	39,000	35,000
	<hr/>	<hr/>
Total contributions	157,000	143,000
	<hr/>	<hr/>

Principal actuarial assumptions

	2014	2013
	%	%
Rate of increase in salaries	4.40	5.10
Rate of increase for pensions in payment	2.60	2.80
Discount rate for scheme liabilities	3.70	4.60
Inflation assumption (CPI)	3.60	2.20
Commutation of pensions to lump sums	50.00	50.00
	<hr/>	<hr/>

Sensitivity Analysis

Approximate % increase in employer liability	Approximate monetary amount (£000)
---	---------------------------------------

0.5% decrease in Real Discount Rate	11%	217
1 year increase in member life expectancy	3%	59
0.5% increase in the Salary Increase Rate	6%	109
0.5% increase in the Pension Increase Rate	5%	101

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

	2014	2013
	Years	Years
Retiring today		
- Males	22	21
- Females	25	24
Retiring in 20 years		
- Males	24	26
- Females	27	26
	<hr/>	<hr/>

Bishop Wordsworth's Church of England Grammar School for Boys

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

17 Pensions and similar obligations

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

	2014 Expected return	2014 Fair value	2013 Expected return	2013 Fair value
	%	£	%	£
Equities	6.30	908,000	6.60	770,000
Bonds	3.40	217,000	4.10	160,000
Cash	3.30	26,000	3.60	32,000
Property	4.50	128,000	4.70	107,000
		<hr/>		<hr/>
Total market value of assets		1,279,000		1,069,000
Present value of scheme liabilities - funded		(1,965,000)		(1,489,000)
		<hr/>		<hr/>
Net pension asset / (liability)		(686,000)		(420,000)
		<hr/>		<hr/>

The expected return on assets is based on the long term future expected investment return for each asset class as at the beginning of the period (i.e as at 1 September 2013 for the year to 31 August 2014). The return on gilts and other bonds are assumed to be gilt yield and corporate bond yield (with an adjustment to reflect the default risk) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The actual return on the scheme assets was £172,000 loss (2013: £110,000 loss).

Operating costs and income recognised in the statement of financial activities

	2014 £	2013 £
Financial expenditure/(income)		
Expected return on pension scheme assets	(65,000)	(43,000)
Interest on pension liabilities	70,000	54,000
	<hr/>	<hr/>
	5,000	11,000
	<hr/>	<hr/>
Other expenditure/(income)		
Current service cost	29,000	19,000
Past service cost	-	-
	<hr/>	<hr/>
	29,000	19,000
	<hr/>	<hr/>
Total operating charge/(income)	<hr/> 34,000	<hr/> 30,000

Bishop Wordsworth's Church of England Grammar School for Boys

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

17 Pensions and similar obligations

Actuarial gains and losses recognised in the statement of financial activities

	2014	2013
	£	£
Actuarial (gains)/losses on assets: actual return less expected	(92,000)	(68,000)
Experience (gains)/losses on liabilities	39,000	34,000
(Gains)/losses arising from changes in assumptions	285,000	-
	<u>232,000</u>	<u>(34,000)</u>
 Total (gains)/losses	 <u>232,000</u>	 <u>(34,000)</u>
 Cumulative (gains)/losses to date	 <u>198,000</u>	 <u>(34,000)</u>

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

	2014	2013
	£	£
Opening defined benefit obligations	(1,489,000)	(1,239,000)
Current service cost	(147,000)	(127,000)
Interest cost	(70,000)	(54,000)
Contributions by employees	(39,000)	(35,000)
Actuarial gains/(losses)	(324,000)	(34,000)
Benefits paid	104,000	-
	<u>(1,965,000)</u>	<u>(1,489,000)</u>

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

	2014	2013
	£	£
Opening fair value of scheme assets	1,069,000	815,000
Expected return on assets	65,000	43,000
Actuarial gains/(losses)	92,000	68,000
Contributions by employers	118,000	108,000
Contributions by employees	39,000	35,000
Benefits paid	(104,000)	-
	<u>1,279,000</u>	<u>1,069,000</u>

Bishop Wordsworth's Church of England Grammar School for Boys

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

17 Pensions and similar obligations

History of experience gains and losses:

	2014	2013	2012
	£	£	£
Present value of defined benefit obligations	(1,965,000)	(1,489,000)	(1,239,000)
Fair value of share of scheme assets	1,279,000	1,069,000	815,000
	<u> </u>	<u> </u>	<u> </u>
Surplus / (deficit)	(686,000)	(420,000)	(424,000)
	<u> </u>	<u> </u>	<u> </u>
Experience adjustment on scheme liabilities	-	-	52,000
Experience adjustment on scheme assets	92,000	68,000	6,000
	<u> </u>	<u> </u>	<u> </u>

18 Reconciliation of net income to net cash inflow/(outflow) from operating activities

	2014	2013
	£	£
Net income	114,306	59,637
Capital grants and similar income	(106,197)	(35,293)
Investment income	(574)	(455)
FRS17 pension costs less contributions payable	29,000	19,000
FRS17 pension finance income	5,000	11,000
Depreciation of tangible fixed assets	13,824	12,768
(Increase)/decrease in debtors	(67,346)	11,186
Increase/(decrease) in creditors	101,503	54,284
	<u> </u>	<u> </u>
Net cash inflow/(outflow) from operating activities	89,516	132,127
	<u> </u>	<u> </u>

19 Reconciliation of net cash flow to movement in net funds

	2014	2013
	£	£
Increase/(decrease) in cash	168,471	194,810
Repayment of other loan	369	(35,307)
Net funds at 1 September 2013	227,089	67,586
	<u> </u>	<u> </u>
Net funds at 31 August 2014	395,929	227,089
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

20 Analysis of net funds

	At 1 September 2013	Cash flows	Non-cash changes	At 31 August 2014
	£	£	£	£
Cash at bank and in hand	262,396	168,471	-	430,867
Debt due within one year	(35,307)	369	-	(34,938)
	<u>227,089</u>	<u>168,840</u>	<u>-</u>	<u>395,929</u>

21 Commitments under operating leases

At 31 August 2014 the academy trust had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2014	2013	2014	2013
	£	£	£	£
Expiry date:				
- Between two and five years	-	-	-	7,037
- In over five years	23,500	25,000	-	-
	<u>23,500</u>	<u>25,000</u>	<u>-</u>	<u>7,037</u>

22 Capital commitments

	2014	2013
	£	£
At 31 August 2014 the company had capital commitments as follows:		
Expenditure contracted for but not provided in the accounts	55,000	-
	<u>55,000</u>	<u>-</u>

£50,000 of the capital commitments at the year end relate to the schools contribution due on the new reception block and £5,000 relates to repair costs to the wall between the school and the Deanery.

23 Related parties

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

24 Members' liability

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