

Company Registration No. 07850292 (England and Wales)

BOURNE GRAMMAR SCHOOL

(A COMPANY LIMITED BY GUARANTEE)

**GOVERNORS' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2016**

**COPY FOR SUBMISSION TO THE
REGISTRAR OF COMPANIES**

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BOURNE GRAMMAR SCHOOL

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BOURNE GRAMMAR SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Governors

I M Fytche (Chair of Governors)
R H Brown
Mrs J E Burrows
G R Greatwood
B J Fines (Resigned 23 September 2015)
Cllr Mrs S Woolley
I J G Mears
P J Hyland
Dr I M Wheatley (Resigned 11 July 2016)
Mrs M Armstrong
N Smith (Resigned 31 August 2016)
J P Maddox (Accounting Officer)
Father C Atkinson
M S Tupholme
L Taylor
R Elliot
R J Parker
S Dharamraj
K Addison
S Nightingale (Appointed 20 November 2015)
Dr J Howard (Appointed 1 January 2016)

Members

J P Maddox
I J G Mears
I M Fytche

Senior management team

- Headteacher	J P Maddox
- Deputy Headteacher	A G Ransom
- Deputy Headteacher (Academic)	M R Hewitt
- Assistant Headteacher (Pastoral)	Mrs E J Faux
- Assistant Headteacher (Digital Strategy)	S A Brown
- Director of Business & Development	Mrs J L Gray

Company secretary

Mrs D Weston

Accounting officer

J P Maddox

Company registration number

07850292 (England and Wales)

Registered office

South Road
Bourne
PE10 9JE

BOURNE GRAMMAR SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor

Rawlinsons Chartered Accountants
Ruthlyn House
90 Lincoln Road
Peterborough
Cambridgeshire
PE1 2SP

Bankers

TSB PLC
30-31 Long Causeway
Peterborough
Cambridgeshire
PE1 1XP

BOURNE GRAMMAR SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

The governors present their annual report together with the accounts and independent auditor's report of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Bourne Grammar School (the 'School') was incorporated on 16 November 2011, it is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association, dated 16 November 2011 are the primary governing documents of the School.

Structure, governance and management

Constitution

The academy trust 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 academy trust.

The governors act as the trustees for the charitable activities of Bourne Grammar School and are also the directors of the charitable company for the purposes of company law. The charitable company is known as Bourne Grammar School.

The objective of the School is to advance for the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum. The direction of the School is shaped by the School Development Plan.

The governing body and its committees will act as a 'critical friend' by offering an external perspective to the Headteacher and the School through:

- Monitoring its work;
- Offering support and advice;
- Providing an external opinion;
- Asking challenging questions and requiring satisfactory answers;
- Offering constructive criticism where appropriate.

The governors are the trustees of Bourne Grammar School and are also the directors of the charitable company for the purposes of company law. Details of the governors who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

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

Governors' indemnities

From the articles' to provide indemnity insurance to cover the liability of governors which by virtue of any rule of law should otherwise attach to them in respect of any negligence, breach of trust or breach of duty of which they may be guilty in relation to the School. Provided that any such insurance shall not extend to any claim arising from any act or omission, which the governors knew to be in breach of trust or breach of duty, and provided also that any such insurance shall not extend to costs of any unsuccessful defence to a criminal prosecution against the governors in their capacity as governors.

BOURNE GRAMMAR SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Method of recruitment and appointment or election of governors

Subject to Articles 48-49 and 64, the School shall have the following governors:

- Up to 5 governors, appointed under Article 50.
- 7 parent governors appointed under Articles 53-58. A parent governor shall be elected by parents of registered pupils at the School. A parent governor must be a parent of the pupil at the School at the time when he is elected.
- 3 staff governors, comprising 2 teachers and 1 support staff, subject to Article 50A. The staff governors shall be elected by staff members at the School. A staff governor must be a staff member at the time he is elected. If a staff governor ceases to be a staff member then he shall be deemed to have resigned and shall cease to be a governor.
- 4 foundation governors, appointed under Article 51
- The Headteacher
- Any additional governors, if appointed under Article 62, 62A or 68A; and
- Any further governors, if appointed under Article 63 or Article 68A.

The term of office for any governor shall be 4 years, save that

- This time limit shall not apply to the Headteacher
- A staff governor shall only hold office for so long as he continues to be employed by the School.

Policies and procedures adopted for the induction and training of governors

The training and induction provided for new governors depends on their existing experience. Where necessary induction provides training on charity and educational legal and financial matters. All governors are provided with copies of terms of reference, policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as governors.

Organisational structure

The Headteacher, as the principal leader and manager for the School, is responsible for the internal organisation, management and control of the School, for advising the governors and for implementing the School Development Plan. The Headteacher is supported by members of the leadership team, each with their own clearly defined role and portfolio.

The Headteacher:

- Has overall executive responsibilities for the School's activities, including all financial activities;
- Formulates aims and objectives of the School for adoption, modification or rejection by the governing body;
- Formulates policies and targets for the governing body to consider;
- Reports to the governing body on progress;
- Puts into practice the policies agreed by the governing body.

The governing body delegates to the following committees, each with their own terms of reference and scheme of delegation:

- Finance & Premises
- Curriculum & Personnel
- Pastoral & Community
- Disciplinary

BOURNE GRAMMAR SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Arrangements for setting pay and remuneration of key management personnel

The Leadership Team consists of the Headteacher, one Deputy Headteacher, three Assistant Headteachers and the Director of Business & Development. All are paid within ranges, set by the governing body on each appointment, on the national Leadership Pay Spine. The Headteacher is a governor, trustee, member and director of the Academy Trust; his pay range is determined by the group of governors, led by the Chair of Governors, which manages his annual performance management. The range is reviewed from time to time and has been adjusted to reflect the School's growth in student numbers and the governors have also had regard to the published pay of Headteachers in schools of comparable size in the surrounding area. The ranges of the other members of the leadership team are reviewed by the Headteacher whose recommendations to the governing body are considered by the Finance & Premises Committee. Any annual increments awarded within the agreed ranges, in the case of the Deputy and Assistant Headteachers, are approved by the Headteacher. The annual review of the Director and Business & Development is led by the Headteacher, and any pay increment awarded within the agreed range is recommended by him to the group of governors which manages his annual performance management.

Related parties and other connected charities and organisations

Related parties have been identified by the governors in their annual disclosures of pecuniary interests. Further details are disclosed in note 22.

Objectives and activities

Objects and aims

The objective of the School in relation to all students on roll (Year 7 through to Sixth Form) is summed up by the School's purpose statement:

The School is about *the best atmosphere, the best support, the best results*. By the time our students leave the School they will be well qualified, well rounded and well prepared.

The Headteacher and leadership team lead on the development and implementation on the school development plan to ensure delivery of the School's purpose within the constraint of the allocated funding.

The expansion programme implemented in September 2012 in response to parental demand is on target and nearing completion. The expected number of students on roll once the School is fully expanded is 1,650+. The School, through rigorous and thorough financial planning and management, has been able to recruit the additional staff and develop the infrastructure to support the expansion. The use of the current estate has been maximised to avoid the need for expensive temporary accommodation to date. Additional accommodation is required from September 2017 (see note on Estate developments).

Public benefit

The governors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charitable company's objectives and aims and in planning future activities for the year. The governors consider that the School's aims are demonstrably to the public benefit.

BOURNE GRAMMAR SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Strategic report

Achievements and performance

2016 GCSE Results

40.5% achieved 5 A*-A including English and Maths

81.7% achieved 5 A*-B including English and Maths

98.7% achieved 5 A*-C including English and Maths

20.3% of all GCSE grades were A* and 50.3% of all GCSE grades were A*-A.

2016 A-Level Results

10.3% of all A-Level grades were A*

31.5% of all A-Level grades were A*-A

64.0% of all A-Level grades were A*-B

86.1% of all A-Level grades were A*-C

The School offers 24 academic A-Level subjects and the Extended Project Qualification. 85% of the Year 11 cohort progress into the Sixth Form and up to 50 external students join the Sixth Form from other schools within the area. The vast majority of Sixth Form students' progress to university.

The Sixth Form is well established and popular and has a growing reputation as an academic Sixth Form offering a wide range of A-Level subjects. Media Studies A-Level was successfully introduced in September 2016 and, on the back of this success, A-Level Politics will be offered from September 2017. Whilst many Schools are choosing, for financial reasons, not to offer AS exams, Bourne Grammar School continues to offer AS exams to all Year 12 students because of the benefits that this gives students.

Estate Developments

During 2015/16 work was completed on the toilet refurbishment and covered dining space project awarded funding through the 2015/16 Condition Improvement Fund bid (£460k). This project has had a substantial impact on the School estate and environment and has provided modern toilet facilities for students and staff and approximately 550m² of covered dining space for use throughout the year. Both facilities were much needed given the increase in student numbers.

The School were unsuccessful in the same round of bidding for a 2500m² Science Block. The School acted on advice from its unsuccessful submission in 2015/16 and submitted a revised bid in the 2016/17 CIF round. Whilst the Science Block project and funding requirement (£4million) remained unchanged, the School requested funding over a two-year period and committed £1million to the overall cost of the project through a 10-year loan against future GAG income. The School were advised in March 2016 that their bid had been successful and funding awarded. Planning permission is in place, a contractor has been appointed and the completed Science Block will be complete and ready for occupation in September 2017 thus reducing the need for temporary accommodation.

The School will refurbish the existing Science accommodation in due course and funded out of income, as part of a rolling programme that meets the curriculum needs of the School.

Going concern

After making appropriate enquiries, the board of governors has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of governors continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

BOURNE GRAMMAR SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Financial review

The School held fund balances at 31 August 2016 of £10,789,497 comprising £10,675,018 of restricted funds and £114,479 of unrestricted general funds. Of the restricted funds, £11,617,103 is represented by tangible fixed assets.

The pension reserve which is considered part of restricted funds was £1,977,000 in deficit.

Reserves policy

Additional staff needed for expansion need to be recruited before additional students join the school and a financial year before the financial increase of additional students is realised in the GAG income. For financial year ending 31 August 2016 the school received an additional £350k of GAG income (based on 14/15 student numbers) but staff salary costs rose £350k. The school acknowledges that the necessary front loading of staff to facilitate expansion has financial implications and impacts on the Schools limited financial reserves but are confident that this situation will stabilise once the financial benefits of the expanded student population start to be realised.

The governors expect to spend the money received on the pupils in the school at the current time and retain a modest reserve in the order of £30k - £50k.

The Academy is confident that it will meet the required pension contributions from its projected income without significantly impacting on its planned level of charitable activity. It continues to calculate its 'free' or general unrestricted reserves without setting aside designated reserves to cover the pension liability.

Investment policy and powers

Under the Memorandum and Articles of Association, the School has the power to invest funds not immediately required for its own purposes, in any way the governors see fit. The organisation has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are reviewed on a regular basis.

Principal risks and uncertainties

The governors are responsible for identifying risks faced by the charitable company, establishing procedures to mitigate these risks, and ensuring that employees are aware of these procedures and of the implications of failing to implement them. They are satisfied that these procedures are consistent with the guidelines issued by the Charity Commission.

Plans for future periods

Future plans for the school include:

- Refurbishment of the existing Science accommodation (vacant once the new Science Block is occupied).
- Increasing the number of A-Level subjects in the Sixth Form to meets the needs of an expanding cohort that will eventually number 450+.
- Developing an outreach programme targeted at primary schools with high levels of deprivation to encourage students from all backgrounds to sit the 11+ test and apply for a grammar school place.

Funds held as custodian trustee on behalf of others

The School and its governors do not act as the custodian trustees of any charity.

BOURNE GRAMMAR SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Auditor

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.

A resolution proposing that Rawlinsons Chartered Accountants be reappointed as auditor of the charitable company will be put to the members.

The governors' report, incorporating a strategic report, was approved by order of the board of governors, as the company directors, on 7/12/2016 and signed on its behalf by:



I M Fytche

Chair of Governors

BOURNE GRAMMAR SCHOOL

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2016

Scope of responsibility

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

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

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The board of governors has formally met 4 times during the year. Attendance during the year at meetings of the board of governors was as follows:

Governors	Meetings attended	Out of possible
I M Fytche (Chair of Governors)	4	4
R H Brown	3	4
Mrs J E Burrows	4	4
G R Greatwood	1	4
B J Fines (Resigned 23 September 2015)	1	1
Cllr Mrs S Woolley	4	4
I J G Mears	3	4
P J Hyland	2	4
Dr I M Wheatley (Resigned 11 July 2016)	4	4
Mrs M Armstrong	4	4
N Smith (Resigned 31 August 2016)	3	4
J P Maddox (Accounting Officer)	4	4
Father C Atkinson	1	4
M S Tupholme	4	4
L Taylor	0	4
R Elliot	4	4
R J Parker	3	4
S Dharamraj	4	4
K Addison	3	4
S Nightingale (Appointed 20 November 2015)	2	3
Dr J Howard (Appointed 1 January 2016)	0	2

There have been no key changes in the composition of the board of trustees or any particular challenges that have arisen for the board.

The Governing body is extremely well-led at Governing Body and Committee level and there is a commitment to ensure that the required skill sets are present within the structure of the Governing Body. Each Committee sets and reviews its Terms of Reference at the beginning of each academic year.

BOURNE GRAMMAR SCHOOL

GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

The finance and premises committee is a sub-committee of the main board of governors. Its purpose is to advise the Board of Governors in accordance with the terms of reference approved by the full governing body.

Attendance at meetings in the year was as follows:

Governors	Meetings attended	Out of possible
I M Fytche (Chair of Governors)	3	4
R H Brown	2	4
G R Greatwood	3	4
Cllr Mrs S Woolley	4	4
I J G Mears	4	4
J P Maddox (Accounting Officer)	4	4
R Elliot	4	4
R J Parker	4	4
S Nightingale (Appointed 20 November 2015)	1	2

Review of value for money

As accounting officer the head teacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of governors where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

Staffing:

Recruiting the highest quality staff, teaching and non-teaching, remains a key priority of the School and considerable time and financial resource is spent on this activity. The recruitment of additional staff in English and Maths enables smaller set sizes with emphasis on all students reaching their potential through support for 'weaker' students and stretch and challenge for more able students. Resource is spent on CPD for staff with the objective of enhancing teaching and learning across the curriculum.

Non-teaching staff model is streamlined and efficient and best placed to meet the current needs of the School.

BOURNE GRAMMAR SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Financial Governance:

Financial governance of the School is overseen by the Finance & Premises Committee in accordance with the School's finance policy. The F&P Committee meet regularly to oversee and review spending against income, preparation of annual budget, 3-year financial projections, recommendations of the Responsible Officer, compliance with guidelines published by the EFA in the Academies Financial Handbook, health & safety and matters pertaining to the upkeep and expansion of the School estate. Governor approval must be sought for non-routine items over £2,000.

The School continually evaluates expenditure in all areas in order to demonstrate best value for money and to reduce expenditure where possible; an example being the continued development of the School's Management Information System and the significant savings it has generated in administration time and costs, postage and stationery costs. The Support Staff structure has been reviewed and refined over recent years to deliver increased efficiency at a reduced cost.

Risk and control:

Bourne Grammar School receives the lowest level of per pupil secondary school funding in Lincolnshire by a significant margin; £300 per pupil less than the average Lincolnshire Grammar School and £1,000 per pupil less than the national average secondary school. Despite this level of funding the School offers exceptional teaching and learning and offers outstanding value for money. This has only been made possible by the long-term expansion strategy that the School and Governors put in place in 2012.

As the lowest funded secondary School in Lincolnshire, the delay in the introduction of the National Funding Formula poses a potential risk to the School although the prudent financial management operated by the School should provide sufficient mitigation.

The impact of the current Green Paper relating to the expansion of Grammar Schools remains to be seen.

The School does not have surplus income; all funding is spent on delivering exceptional teaching and learning to all our students. All resource is spent on supporting the School's vision statement.

Other risks are monitored and reviewed through the appropriate governor committees.

A Risk Register is in place and relevant risks are reviewed and updated at every committee meeting under the direction of the Chair of the committee.

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 academy trust 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 Bourne Grammar School for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The board of governors 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 board of governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of governors.

BOURNE GRAMMAR SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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:

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

The governing body has considered the need for a specific internal audit function and have decided to appoint Rawlinsons Chartered Accountants to perform the additional checks. This role includes giving advice on financial matters and performing a range of checks on the School's financial systems. Three times a year the auditor reports to the finance and premises committee on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

This has been delivered within EFA guidelines during the period.

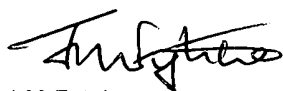
Review of effectiveness

As accounting officer the head teacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the responsible officer;
- the work of the external auditor;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance and premises committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of governors on 2/12/2016 and signed on its behalf by:



I M Fytche
Chair of Governors



J P Maddox
Accounting Officer

BOURNE GRAMMAR SCHOOL

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2016

As accounting officer of Bourne Grammar School I have considered my responsibility to notify the academy trust board of governors and the Education Funding Agency 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 for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust's board of governors 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 2015.

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



J P Maddox
Accounting Officer

7.12.2016

BOURNE GRAMMAR SCHOOL

STATEMENT OF GOVERNORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2016

The governors (who act as trustees for Bourne Grammar School and are also the directors of Bourne Grammar School for the purposes of company law) are responsible for preparing the Governors' Report and the accounts in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the governors to prepare accounts for each financial year. Under company law the governors must not approve the accounts 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 accounts, the governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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 accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the board of governors on 7/12/2016 and signed on its behalf by:



I M Fytche
Chair of Governors

BOURNE GRAMMAR SCHOOL

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF BOURNE GRAMMAR SCHOOL

We have audited the accounts of Bourne Grammar School for the year ended 31 August 2016 set out on pages 19 to 40. 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), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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 14, the governors, who are also the directors of Bourne Grammar School 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' Report including the incorporated strategic 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 2016 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016.

Opinion on other matter prescribed by the Companies Act 2006

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

BOURNE GRAMMAR SCHOOL

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF BOURNE GRAMMAR SCHOOL (CONTINUED)

Matters on which we are required to report by exception

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

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



Mark Jackson FCA DChA (Senior Statutory Auditor)
for and on behalf of Rawlinsons Chartered Accountants

Chartered Accountants

Statutory Auditor

Ruthlyn House

90 Lincoln Road

Peterborough

Cambridgeshire

PE1 2SP

Dated: 7.12.2016

BOURNE GRAMMAR SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BOURNE GRAMMAR SCHOOL AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 23 September 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Bourne Grammar School during the period 1 September 2015 to 31 August 2016 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 Bourne Grammar School and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Bourne Grammar School and 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 Bourne Grammar School and EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Bourne Grammar School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Bourne Grammar School's funding agreement with the Secretary of State for Education dated 1 January 2012 and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 issued by 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:

- a review of the activities of the academy, by reference to sources of income and other information available to us;
- sample testing of expenditure, including payroll;
- a review of minutes of Governors' meetings.

BOURNE GRAMMAR SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BOURNE GRAMMAR SCHOOL AND THE EDUCATION FUNDING AGENCY (CONTINUED)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Mark Jackson FCA DChA
Reporting Accountant
Rawlinsons Chartered Accountants
Ruthlyn House
90 Lincoln Road
Peterborough
Cambridgeshire
PE1 2SP

Dated: 7.12.2016.....

BOURNE GRAMMAR SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2016 £	Total 2015 £
Income and endowments from:						
Donations and capital grants	2	9,453	800	1,164,818	1,175,071	480,393
Charitable activities:						
- Funding for educational operations	3	466,590	5,412,456	-	5,879,046	5,722,352
Other trading activities	4	731	-	-	731	1,411
Investments	5	799	-	-	799	413
Total income and endowments		477,573	5,413,256	1,164,818	7,055,647	6,204,569
Expenditure on:						
Raising funds	6	5,959	-	-	5,959	3,325
Charitable activities:						
- Educational operations	7	456,753	5,478,083	352,304	6,287,140	5,940,200
Total expenditure	6	462,712	5,478,083	352,304	6,293,099	5,943,525
Net income/(expenditure)						
		14,861	(64,827)	812,514	762,548	261,044
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	18	-	(682,000)	-	(682,000)	(53,000)
Net movement in funds		14,861	(746,827)	812,514	80,548	208,044
Reconciliation of funds						
Total funds brought forward		99,618	(1,144,732)	11,754,063	10,708,949	10,500,905
Total funds carried forward		114,479	(1,891,559)	12,566,577	10,789,497	10,708,949

BOURNE GRAMMAR SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

Comparative year information Year ended 31 August 2015	Notes	Unrestricted Funds £	General £	Restricted funds: Fixed asset £	Total 2015 £
Income and endowments from:					
Donations and capital grants	2	18,930	400	461,063	480,393
Charitable activities:					
- Funding for educational operations	3	542,301	5,180,051	-	5,722,352
Other trading activities	4	1,411	-	-	1,411
Investments	5	413	-	-	413
Total income and endowments		563,055	5,180,451	461,063	6,204,569
Expenditure on:					
Raising funds	6	3,325	-	-	3,325
Charitable activities:					
- Educational operations	7	495,105	5,195,624	249,471	5,940,200
Total expenditure	6	498,430	5,195,624	249,471	5,943,525
Net income/(expenditure)		64,625	(15,173)	211,592	261,044
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	18	-	(53,000)	-	(53,000)
Net movement in funds		64,625	(68,173)	211,592	208,044
Reconciliation of funds					
Total funds brought forward		34,993	(1,076,559)	11,542,471	10,500,905
Total funds carried forward		99,618	(1,144,732)	11,754,063	10,708,949

BOURNE GRAMMAR SCHOOL

BALANCE SHEET

AS AT 31 AUGUST 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	12		11,617,103		11,420,344
Current assets					
Debtors	13	215,488		87,933	
Cash at bank and in hand		1,488,354		772,470	
		<u>1,703,842</u>		<u>860,403</u>	
Current liabilities					
Creditors: amounts falling due within one year	14	(554,448)		(326,798)	
Net current assets			<u>1,149,394</u>		<u>533,605</u>
Net assets excluding pension liability			<u>12,766,497</u>		<u>11,953,949</u>
Defined benefit pension liability	18		(1,977,000)		(1,245,000)
Net assets			<u><u>10,789,497</u></u>		<u><u>10,708,949</u></u>
Funds of the academy trust:					
Restricted funds	16				
- Fixed asset funds			12,566,577		11,754,063
- Restricted income funds			85,441		100,268
- Pension reserve			(1,977,000)		(1,245,000)
Total restricted funds			<u>10,675,018</u>		<u>10,609,331</u>
Unrestricted income funds	16		<u>114,479</u>		<u>99,618</u>
Total funds			<u><u>10,789,497</u></u>		<u><u>10,708,949</u></u>

The accounts set out on pages 19 to 40 were approved by the board of governors and authorised for issue on 7/12/2016 and are signed on its behalf by:


 I M Fytche
 Chair of Governors
 Company Number 07850292

BOURNE GRAMMAR SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Net cash provided by operating activities	19		132		29,138
Cash flows from investing activities					
Dividends, interest and rents from investments		799		413	
Capital grants from DfE and EFA		1,164,818		461,063	
Payments to acquire tangible fixed assets		(449,865)		(127,344)	
			715,752		334,132
Cash flows from financing activities					
Financing costs		-		(311)	
			-		(311)
Change in cash and cash equivalents in the reporting period			715,884		362,959
Cash and cash equivalents at 1 September 2015			772,470		409,511
Cash and cash equivalents at 31 August 2016			<u>1,488,354</u>		<u>772,470</u>

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

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

1.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Bourne Grammar School meets the definition of a public benefit entity under FRS 102.

These accounts for the year ended 31 August 2016 are the first accounts of Bourne Grammar School prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

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

1.3 Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

Governance costs

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

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Land and buildings	2% straight line
Fixtures, fittings & equipment	25% straight line

Property introduced into the Academy from the previous local authority school was transferred in at depreciated replaceable cost as per the valuation at 31 August 2012 by a professional valuer commissioned by the EFA.

Other assets transferred to the Academy on conversion have not be valued in these accounts.

The land and buildings are leased under 125 year lease.

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

1.6 Liabilities

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

1.7 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.

The land and buildings from which the academy operate are leased from the Local Authority at £nil rent.

A commercial value lease of the lease has not been included in these accounts as expenditure or donated income.

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.8 Taxation

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

1.9 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 quadrennial valuations using a prospective unit credit method. As stated in note 18, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.10 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 the funders where the asset acquired or created is held for a specific purpose.

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

Designated funds are where the governors have ring fenced unrestricted income for specific purposes.

1.11 Critical accounting estimates and areas of judgement

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

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Capital grants	-	1,164,818	1,164,818	461,063
Other donations	9,453	800	10,253	19,330
	<u>9,453</u>	<u>1,165,618</u>	<u>1,175,071</u>	<u>480,393</u>

3 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
DfE / EFA grants				
General annual grant (GAG)	-	5,327,198	5,327,198	5,084,328
Other DfE / EFA grants	-	82,619	82,619	78,419
	<u>-</u>	<u>5,409,817</u>	<u>5,409,817</u>	<u>5,162,747</u>
Other government grants				
Local authority grants	-	2,639	2,639	17,304
	<u>-</u>	<u>2,639</u>	<u>2,639</u>	<u>17,304</u>
Other funds				
Other incoming resources	466,590	-	466,590	542,301
	<u>466,590</u>	<u>-</u>	<u>466,590</u>	<u>542,301</u>
Total funding	<u>466,590</u>	<u>5,412,456</u>	<u>5,879,046</u>	<u>5,722,352</u>

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

4 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Lettings	731	-	731	1,411

5 Investment income

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Short term deposits	799	-	799	413

6 Expenditure

	Staff costs £	Premises & equipment £	Other costs £	Total 2016 £	Total 2015 £
Academy's educational operations					
- Direct costs	3,805,876	-	813,814	4,619,690	4,326,239
- Allocated support costs	686,025	496,935	484,490	1,667,450	1,613,961
	4,491,901	496,935	1,298,304	6,287,140	5,940,200
Other expenditure					
Raising funds	-	-	5,959	5,959	3,325
Total expenditure	4,491,901	496,935	1,304,263	6,293,099	5,943,525

Net income/(expenditure) for the year includes:

	2016 £	2015 £
Fees payable to auditor for:		
- Audit	9,500	9,500
- Other services	1,084	1,000
- Supplementary checks	1,875	1,875
Operating lease rentals	100,806	86,289
Depreciation of tangible fixed assets	253,106	249,471

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

7 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Direct costs - educational operations	428,409	4,191,281	4,619,690	4,326,239
Support costs - educational operations	28,344	1,639,106	1,667,450	1,613,961
	<u>456,753</u>	<u>5,830,387</u>	<u>6,287,140</u>	<u>5,940,200</u>
Analysis of costs			2016 £	2015 £
Direct costs				
Teaching and educational support staff costs			3,785,039	3,383,442
Staff development			20,837	21,543
Technology costs			69,077	62,342
Educational supplies and services			212,665	249,233
Examination fees			129,224	128,797
Other direct costs			402,848	480,882
			<u>4,619,690</u>	<u>4,326,239</u>
Support costs				
Support staff costs			686,025	733,722
Depreciation			253,106	249,471
Recruitment and support			39,306	63,766
Maintenance of premises and equipment			243,829	163,605
Cleaning			104,535	91,259
Energy costs			66,821	55,927
Rent and rates			38,595	36,595
Insurance			42,422	53,025
Security and transport			-	198
Catering			21,829	20,746
Interest and finance costs			46,000	22,311
Other support costs			100,203	104,924
Governance costs			24,779	18,412
			<u>1,667,450</u>	<u>1,613,961</u>

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

8 Governance costs

	Total 2016 £	Total 2015 £
All from restricted funds:		
Amounts included in support costs		
Legal and professional fees	14,777	8,175
Auditor's remuneration		
- Audit of financial statements	9,500	9,500
Governors' reimbursed expenses	502	737
	<u>24,779</u>	<u>18,412</u>

9 Staff costs

	2016 £	2015 £
Wages and salaries	3,498,930	3,268,690
Social security costs	298,998	246,106
Operating costs of defined benefit pension schemes	633,004	545,242
Staff costs	<u>4,430,932</u>	<u>4,060,038</u>
Supply staff costs	36,632	57,126
Staff restructuring costs	3,500	-
Staff development and other staff costs	20,837	21,543
Total staff expenditure	<u>4,491,901</u>	<u>4,138,707</u>

Staff numbers

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

	2016 Number	2015 Number
Teachers	74	67
Administration and support	35	37
Management	6	5
	<u>115</u>	<u>109</u>

Higher paid staff

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

	2016 Number	2015 Number
£60,000 - £70,000	1	1
£90,000 - £100,000	-	1
£100,000 - £110,000	1	-
	<u>1</u>	<u>1</u>

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

9 Staff costs

(Continued)

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £3,500 (2015: £nil). Individually, the payments were: £3,500

Key management personnel

The key management personnel of the academy trust comprise the governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £631,032.

10 Governors' remuneration and expenses

The head teacher and other staff governors only receive remuneration in respect of services they provide undertaking the roles of head teacher 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 governors expenses amounted to £502 (2015: £737).

The value of governors' remuneration was as follows:

Mr J Maddox (principal and trustee)

Remuneration £100,000 - £105,000 (2015 - £95,000 - £100,000)

Employer's pension contributions £15,000- £20,000 (2015 - £10,000- £15,000)

Ms M Armstrong (staff governor and trustee)

Remuneration £15,000 - £20,000 (2015 - £15,000 - £20,000)

Employer's pension contributions £0 - £5,000 (2015 - £0 - £5,000)

Mr N Smith (staff governor and trustee)

Remuneration £40,000 - £45,000 (2015 - £40,000 - £45,000)

Employer's pension contributions £5,000 - £10,000 (2015 - £5,000 - £10,000)

Miss K Addison (staff governor and trustee)

Remuneration £45,000 - £50,000 (2015 - £40,000 - £45,000)

Employer's pension contributions £5,000 - £10,000 (2015 - £5,000 - £10,000)

Mr R H Brown (invigilator and trustee)

Remuneration £0 - £5,000 (2015 - £nil)

Employer's pension contributions £nil (2015 - £nil)

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

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

11 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 £1,000,000 on any one claim and the cost for the year ended 31 August 2016 is included within total insurance costs.

12 Tangible fixed assets

	Land and buildings	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 September 2015	12,132,429	128,328	12,260,757
Additions	449,865	-	449,865
At 31 August 2016	12,582,294	128,328	12,710,622
Depreciation			
At 1 September 2015	769,347	71,066	840,413
Charge for the year	221,022	32,084	253,106
At 31 August 2016	990,369	103,150	1,093,519
Net book value			
At 31 August 2016	11,591,925	25,178	11,617,103
At 31 August 2015	11,363,082	57,262	11,420,344

13 Debtors

	2016 £	2015 £
VAT recoverable	26,273	1,466
Prepayments and accrued income	189,215	86,467
	215,488	87,933

14 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	36,295	-
Taxes and social security costs	89,973	77,827
Other creditors	76,612	68,572
Accruals	153,915	45,669
Deferred income (see note 15)	197,653	134,730
	554,448	326,798

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

15	Deferred income	2016	2015
		£	£
	Deferred income is included within:		
	Creditors due within one year	197,653	134,730
		<u> </u>	<u> </u>
	Deferred income at 1 September 2015	134,730	150,430
	Released from previous years	(134,730)	(150,430)
	Amounts deferred in the year	197,653	134,730
		<u> </u>	<u> </u>
	Deferred income at 31 August 2016	197,653	134,730
		<u> </u>	<u> </u>

Deferred income includes money received for school trips taking place during the next academic year and peripatetic music fees received in advance.

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

16 Funds

	Balance at 1 September 2015 £	Incoming resources £	Resources expended £	Gains, losses & transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant	14,827	5,327,198	(5,342,025)	-	-
Other DfE / EFA grants	-	82,619	(82,619)	-	-
Other government grants	-	2,639	(2,639)	-	-
Other restricted funds	85,441	800	(800)	-	85,441
	<u>100,268</u>	<u>5,413,256</u>	<u>(5,428,083)</u>	<u>-</u>	<u>85,441</u>
Funds excluding pensions	(1,245,000)	-	(50,000)	(682,000)	(1,977,000)
	<u>(1,144,732)</u>	<u>5,413,256</u>	<u>(5,478,083)</u>	<u>(682,000)</u>	<u>(1,891,559)</u>
Restricted fixed asset funds					
DfE / EFA capital grants	333,719	1,164,818	(99,198)	(449,865)	949,474
Assets financed by EFA capital grants	852,185	-	(50,828)	449,865	1,251,222
Property transferred at conversion	10,067,220	-	(192,260)	-	9,874,960
Fixed assets financed from GAG	108,965	-	(2,179)	-	106,786
Fixed assets financed from other funds	391,974	-	(7,839)	-	384,135
	<u>11,754,063</u>	<u>1,164,818</u>	<u>(352,304)</u>	<u>-</u>	<u>12,566,577</u>
Total restricted funds	<u>10,609,331</u>	<u>6,578,074</u>	<u>(5,830,387)</u>	<u>(682,000)</u>	<u>10,675,018</u>
Unrestricted funds					
General funds	99,618	477,573	(462,712)	-	114,479
	<u>99,618</u>	<u>477,573</u>	<u>(462,712)</u>	<u>-</u>	<u>114,479</u>
Total funds	<u>10,708,949</u>	<u>7,055,647</u>	<u>(6,293,099)</u>	<u>(682,000)</u>	<u>10,789,497</u>
General unrestricted funds include designated funds:					
School Fund	39,372	391,195	(400,690)	-	29,877
Balance of general funds	60,246	86,378	(62,022)	-	84,602
	<u>99,618</u>	<u>477,573</u>	<u>(462,712)</u>	<u>-</u>	<u>114,479</u>

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

16 Funds

(Continued)

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

Restricted Fixed Asset Funds represent capital funding received from the EFA and other sources. In accordance with the accounting policies set out in note 1, assets are capitalised where applicable, and depreciation is charged to this fund over the assets' useful economic life. Where costs are not capital in nature they are charged directly to this fund as an expense.

The restricted grant income in the year all relates to the provision of education for the children of the School.

Under the funding agreement with the Secretary of State, the School was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

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

The Bourne Educational Foundation donation is to be spent on new astro pitches at the School in the future.

The School Fund is designated by the governors for the use in a variety of different areas including school trips, peripatetic music and school uniform.

17 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2016 £
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	11,617,103	11,617,103
Current assets	304,689	449,679	949,474	1,703,842
Creditors falling due within one year	(190,210)	(364,238)	-	(554,448)
Defined benefit pension liability	-	(1,977,000)	-	(1,977,000)
	<u>114,479</u>	<u>(1,891,559)</u>	<u>12,566,577</u>	<u>10,789,497</u>

18 Pensions and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2014 and of the LGPS 31 March 2013.

Contributions amounting to £76,532 (2015: £66,731) were payable to the schemes at 31 August 2016 and are included within creditors.

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

18 Pensions and similar obligations

(Continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to the TPS in the period amounted to £451,349 (2015 - £353,261).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 21.1% for employers and 5.5% to 12.5% for employees. The estimated value of employer contributions for the forthcoming year is £179,000.

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

18 Pensions and similar obligations

(Continued)

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.

Total contributions made	2016 £	2015 £
Employer's contributions	179,000	184,000
Employees' contributions	41,000	44,000
Total contributions	220,000	228,000

Principal actuarial assumptions	2016 %	2015 %
Rate of increases in salaries	3.6	4.0
Rate of increase for pensions in payment	2.1	2.6
Discount rate	2.0	3.7

Change in assumptions at 31 August 2016	Approximate % increase to Employer Liability	Approximate monetary amount
0.5% decrease in Real Discount Rate	12%	£441,000
1 year increase in member life expectancy	3%	£107,000
0.5% increase in Salary Increase Rate	4%	£150,000
0.5% increase in the Pension Increase Rate	8%	£277,000

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

	2016 Years	2015 Years
Retiring today		
- Males	22.2	22.2
- Females	24.4	24.4
Retiring in 20 years		
- Males	24.5	24.5
- Females	26.8	26.8

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

18 Pensions and similar obligations

(Continued)

The academy trust's share of the assets in the scheme

	2016 Fair value £	2015 Fair value £
Equities	1,230,460	857,000
Bonds	207,740	148,000
Property	159,800	137,000
Total market value of assets	1,598,000	1,142,000
Actual return on scheme assets - gain/(loss)	248,000	(24,000)

Amounts recognised in the statement of financial activities

	2016 £	2015 £
Current service cost (net of employee contributions)	183,000	192,000
Net interest cost	46,000	22,000

Changes in the present value of defined benefit obligations

	2016 £
Obligations at 1 September 2015	2,387,000
Current service cost	183,000
Interest cost	92,000
Employee contributions	41,000
Actuarial loss	884,000
Benefits paid	(12,000)
At 31 August 2016	3,575,000

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

	2016 £
Assets at 1 September 2015	1,142,000
Interest income	46,000
Return on plan assets (excluding amounts included in net interest):	
Actuarial gain	202,000
Employer contributions	179,000
Employee contributions	41,000
Benefits paid	(12,000)
At 31 August 2016	1,598,000

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

18 Pensions and similar obligations	(Continued)
Net scheme asset/(liability) as at 31 August 2015	<u><u>(1,245,000)</u></u>
Net scheme asset/(liability) as at 31 August 2016	<u><u>(1,977,000)</u></u>

Following the end of the year the academy received the results of the triennial valuation of the scheme as at 31 March 2016. This valuation showed an improvement in the funding level of the scheme over the 3 year period from 45% to 67% and the overall deficit in the scheme had decreased from £719,000 to £643,000. This improvement in the scheme has resulted in a small reduction in the employer contributions payable to the scheme from April 2017. Conversely, over this same period the deficit calculated in accordance with the accounting standards for the purposes of these accounts has risen from £819,000 as at 31 August 2013 to £1,977,000 as at 31 August 2016.

19 Reconciliation of net income to net cash flows from operating activities	2016	2015
	£	£
Net income for the reporting period	762,548	261,044
Adjusted for:		
Capital grants from DfE/EFA and other capital income	(1,164,818)	(461,063)
Investment income	(799)	(413)
Financing costs	-	311
Defined benefit pension costs less contributions payable	4,000	8,000
Defined benefit pension net finance cost/(income)	46,000	22,000
Depreciation of tangible fixed assets	253,106	249,471
(Increase)/decrease in stocks	-	2,865
(Increase)/decrease in debtors	(127,555)	78,541
Increase/(decrease) in creditors	227,650	(131,618)
Net cash provided by operating activities	<u><u>132</u></u>	<u><u>29,138</u></u>

20 Commitments under operating leases

At 31 August 2016 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2016	2015
	£	£
Amounts due within one year	92,296	136,476
Amounts due in two and five years	165,144	132,251
Amounts due after five years	1,412	-
	<u><u>258,852</u></u>	<u><u>268,727</u></u>

BOURNE GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

21 Capital commitments

	2016 £	2015 £
Expenditure contracted for but not provided in the accounts	3,500,000	-

During the year the school were awarded a capital bid of £3,955,000, comprising a grant of £2,955,000 and an approved loan of £1,000,000, for the construction of a new science block. At the year end a build contract for the majority of the construction was being negotiated with the costs to be in the region of £3,500,000 of which £164,402 has been incurred in the year. Any under spend on the project will reduce the loan element of the award, and therefore any loan element of the overall funding bid will only be recognised after the full amount of the grant has been received and recognised.

22 Related party transactions

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 the academy trust has 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.

Some of the governors have children who are pupils at the academy, consequently there will be transactions between those governors and the academy in respect of their children's education. These are on the same basis as other pupils at the academy.

The Bourne Education Foundation, in which all of the trustees are governors at the school, has gifted £121 (2015 - £121) to the school for prizes on the student Speech night.

During the year the school purchased services from Home Revive, a business connected to trustee Mrs M Armstrong, totalling £470 (2015 - £nil).

23 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.

No individual has a controlling interest in the charitable company.