

Registration number 08357352

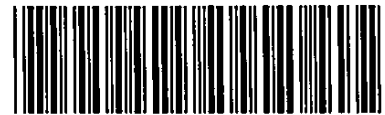
Spalding Grammar School

(A company limited by guarantee)

Annual Report and Financial Statements

for the period from 1 February 2013 to 31 August 2013

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Spalding Grammar School

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Spalding Grammar School

Reference and Administrative Details

Governors and Trustees (Directors)	Mr K Bean Mr PG Bell Revd J Bennett Mr J Bradley Mr KC Casswell Mr B Chappell Mr AC Cunnington (appointed 15 July 2013) Mr DM Endersbee (resigned 11 November 2013) Mr A Faulkner Mrs RE Fuggle Mr P Ingleby Mr H Johnson Mr RG Massey Mr M Morris Mr RH Oldershaw Mrs R Parsons Mr H Ripley (resigned 11 November 2013) Mr NS Ryan Mrs J Smith Dr MSA Townsend
Company Secretary	Mr S Barton
Senior Team	Mr NS Ryan, Headteacher Mrs CM Lee, Assistant Head Mrs SP Ingram, Assistant Head Mr S Barton, Business Manager
Headteacher and Registered Office	Mr NS Ryan Spalding Grammar School Priory Lane Spalding Lincolnshire PE11 2XH
Company Registration Number	08357352
Auditors	Bulley Davey 1-4 London Road Spalding Lincolnshire PE11 2TA

Spalding Grammar School

Reference and Administrative Details

Bankers	Natwest Bank 501 Silbury Boulevard Milton Keynes MK9 3ER
Solicitors	Maples Solicitors LLP 23 New Road Spalding Lincolnshire PE11 1DH

Spalding Grammar School

Governors' Report for the period from 1 February 2013 to 31 August 2013

The Governors present their annual report together with the financial statements and auditors' report of the charitable company for the period ended 31 August 2013

Discussion on conversion to school trust

On conversion to School Trust status under the Academies Act 2010, all the operations assets (where possible) and liabilities were transferred to Spalding Grammar School for £Nil consideration. As a previous Voluntary Aided School the transfer was from the Governing Body to the School.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the School Trust. The company registration number is 08357352.

The Governors act as the trustees for the charitable activities of Spalding Grammar School 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 1.

Members' liability

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

Governors' indemnities

The School through its Articles has indemnified its Governors to the fullest extent permissible by law. During the period the School also purchased and maintained liability insurance for its Governors.

Principal activities

The principal activity of the charitable company is the education or provision of teaching and learning. The principal activity is encapsulated by provision of first class teaching staff, ably supported by other staff to ensure that all students get the best chance to succeed at all stages of their schooling.

Method of recruitment and appointment or election of Governors

Governors are appointed under the rules contained within the memorandum and articles of association. The appointments are made by the trustees who delegate powers to the Senior Team.

The membership of the governing body is in accordance with the structure contained within its memorandum and articles of association. Governors have a breadth of skills which are beneficial to the Governing Body as a whole.

Committees have been established that meet regularly to ensure the requirements are being met. Committees include separate finance and audit committees. The finance committee meets every two months.

It was decided that all members of the governing body would become directors of the school. During the year, two new appointments were made (P Ingleby and AC Cunningham).

Spalding Grammar School

Governors' Report for the period from 1 February 2013 to 31 August 2013

Policies and procedures adopted for the induction and training of Governors

The School was incorporated on 11 January 2013 and commenced operations on 1 February 2013. Access to external Governor training has been provided and operating procedures have been delivered to all members of the Governing Body. All Governors are assigned to a sub-committee, reporting to the whole Governing Body. Where Governors have a relevant professional skill, the School seeks to use that skill within a particular sub-committee. Within the School, the Governors can access the policies and procedures via the Clerk to Governors. Governors attend whole school events and where appropriate, staff training and information sessions.

Organisational structure

The organisational structure consists of a Governor level and the Senior Team. The structure is designed to enable all of these personnel to be involved whilst also devolving responsibility appropriately.

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the school by use of budgets and making decisions about the direction of the school, capital expenditure and senior staff appointments.

The Senior Team consists of the Headteacher, two Assistant Heads and the Business Manager, who are responsible for communicating and implementing the school's strategies.

The Headteacher and Senior Team are responsible for the day to day running of the organisation, oversee the teaching staff and teams of administration and operational support. The structure and operation of the trust follows the guidelines set out in the academies handbook issued by the Department of Education.

The School accesses external agencies to ensure a broader provision of education and learning. The agencies include vocational provision and careers and guidance services.

Risk management

The Governors have assessed the major risks to which the School is exposed, in particular those relating to the specific teaching, provision of facilities and finances. The Governors have implemented a number of systems to assess the risks that the School faces (e.g. health and safety, bullying and school trips) and in relation to the control of finance. The Governors have implemented systems such as auditing of the finance area to demonstrate control and to minimize risk.

Risks to the school fall into three categories,

- 1 Financial - Income to the school is always predicted prudently and expenditure plans are controlled by the whole governing body. The Headteacher is accountable to the Governors for restricting expenditure within the set budget.
- 2 Performance - A huge decline in results would damage the reputation of the School and would impact the recruitment and retention of students with a subsequent loss of income. The Headteacher is accountable to the governing body for academic results.
- 3 Health & Safety - A range of risk assessments have been written. The assessments are reviewed annually.

Connected organisations, including related party relationships

The Spalding Grammar School operates as a sole entity and is not part of a wider network or federation. The School does not have a sponsor.

Spalding Grammar School

Governors' Report for the period from 1 February 2013 to 31 August 2013

Objectives and activities

Objects and aims

The object of the charity 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 curriculum

Objectives, strategies and activities

The School's principle aim is to ensure that all students have every opportunity to attain their potential - intellectually, socially and personally. The cornerstone of our approach is the strength of the relationships between governors, staff, pupils and parents throughout our community. The friendly and orderly atmosphere combines with a stimulating academic environment to develop the qualities which lead to successful examination results, satisfying personal relationships, the correct blend of individual strengths and co-operation with others, as well as the confidence to face the challenges of the wider world. The School is conscious of the need for continuous improvement of standards.

Public benefit

The School provides educational services to predominantly children from the South Holland district who have met the entry requirements by reaching the standard score of 220 in the 11+ examination to qualify in the top 25% of the ability range in Lincolnshire. The Governors confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission.

Achievements and performance

Going concern

The Governing Body has a reasonable expectation that the Academy Trust 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.

Key non-financial performance indicators

The School has been fully staffed during the period to 31 August 2013. The curriculum has met the standards expected. Staffing costs are the School's main expense and the value of the staff is demonstrated throughout the examination results as well as the level of enrichment and commitment demonstrated throughout the school.

In all of the expenditure, the Business Manager, Finance Team, Senior Team and Governors seek best value and question financial decisions made.

Spalding Grammar School

Governors' Report for the period from 1 February 2013 to 31 August 2013

Financial review

The majority of the School's income derives from central funding via the Education Funding Agency. The school also receives further monies via local authority for special education needs and pupil premium. In addition, the School raises funds by professional expertise in accessing grants, negotiating contracts and utilisation of the current facilities.

During the period ended 31 August 2013 the operating expenditure as an Academy of £2.9 million was covered by Educational Funding Agency grants and other incoming resources. The excess of income over expenditure, excluding pension liabilities and amounts transferred on conversion, was £0.4 million.

Total assets less current liabilities at the period end was £0.8 million. The assets were used exclusively for providing education and the associated support services to the learners of the school.

There is a declared deficit on the defined benefit pension scheme, Local Government Pension Scheme for associated staff. Whilst the value is significant, the Governors do not believe that the liability represents a material risk because the liability has been agreed with the Business Manager to be spread over a twenty year period and will be planned into subsequent accounts.

Principal risks and uncertainties

The Governing Body consider that the following are the principal risks and uncertainties that it is facing,

- 1 Meeting requisite standards of education for students in core subjects
- 2 Ensuring financial stability - operating within budget, running a deficit, planning for change to funding formula, fraudulent activity, maintenance of student numbers and financial commitments without requisite authorisation
- 3 Complying with legislative requirements regarding employment law, data protection, discrimination, Companies House, HMRC, child protection, Charity Commission and curriculum requirements
- 4 Inexperienced or inappropriate staff being employed with inaccurate personal data

The key controls used include,

- 1 Terms of reference for committees
- 2 Formalised agendas for committees
- 3 Schemes of delegation
- 4 Formal policies
- 5 Clear authorisation levels
- 6 Policies and procedures that are required by law

Financial and risk management objectives and policies

The majority of the school's income is obtained from the Department for Education via the Education Funding Agency in the form of recurrent grants, the use of which is restricted to particular purpose by the Objects of the Trust and also the Academies Financial Handbook. The grants received during the period ended 31 August 2013 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Reserves policy

The School, as voluntary aided, was reliant on the Governors to provide a buffer figure in the past however, is expected to manage its funding in a more structured format moving forward. The School aims to keep a minimum of one month's salary cost on hand in cash form at any one point. Cash is monitored on a minimum of a weekly basis and money is invested on deposit where appropriate.

Spalding Grammar School

Governors' Report for the period from 1 February 2013 to 31 August 2013

Investment policy

The Governing Body's policy is to retain its holding over the Memorial and West fields to potentially maximise income in later years. Surplus funds currently held are invested into low risk bank deposits.

Employment of disabled persons

The school is of old construct and purpose built ramps are being put in place to ensure access and egress. The buildings comply with current legislation. There are adequate amounts of lifts and disabled toilet facilities. The school supports special educational needs and does this through training, career development and provision of qualified support personnel.

The Governors recognise that equal opportunities are an integral part of good practice in the workplace. The school aims for the highest standards in opportunity for all and ensures that the working environment allows the contribution needs of all to be understood, known and valued.

Plans for future periods

The next stage in developing the school will include,

- Overseeing Year 7 to 11 to five full cohorts of 150 students
- Ensuring that the 6th form maintains its status and financial viability
- Delivering the School vision through the School Development Plan
- Recruiting and retaining highly qualified staff
- Ensuring the ethos of the school is maintained and promulgated

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

Approved by order of the members on 17/12/2013 and signed on its behalf by



Revd J Bennett
Governor and trustee

Spalding Grammar School

Governance Statement

Scope of responsibility

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

The Governing Body has delegated the day-to-day responsibility to Mr NS Ryan, 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 Spalding Grammar School and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 Spalding Grammar School for the period ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Governing Body has reviewed the key risks to which 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 ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period ending 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Finance Committee.

The risk and control framework

The School 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 (issued 10 times per year) which are reviewed and agreed by the Governing Body,
- regular reviews by the Finance 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 has decided to delegate the role to an audit committee.

The role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. The audit committee reports to the Governing Body 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 to date.

Spalding Grammar School

Governance Statement

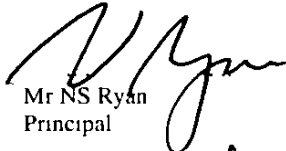
Review of effectiveness

As Accounting Officer, Mr NS Ryan has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by


- the work of the Principle Finance Officer, S Barton,
- the work of the external auditor,
- the financial management and governance self assessment process,
- the work of the Accounting Officer and Principle Finance Officer within the School 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 and a plan to address weaknesses and ensure continuous improvement of the system is in place

Approved by order of the members of the Governing Body on 17/12/2013 and signed on its behalf by



Mr NS Ryan
Principal



Revd J Bennett
Governor and trustee


Spalding Grammar School

Statement on Regularity, Propriety and Compliance

As accounting officer of Spalding Grammar School I have considered my responsibility to notify the academy trust Governing Body 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. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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.

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


Mr NS Ryan
Accounting officer

17th December 2013

Spalding Grammar School

Statement of Governors' Responsibilities

The Governors (who are 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 Academies Accounts Direction 2013 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 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

- select suitable accounting policies and apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The 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 grants received from the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board on 17/12/2013 and signed on its behalf by



Revd J Bennett
Governor and trustee

Spalding Grammar School

Independent Auditor's Report on the Financial Statements to the members of Spalding Grammar School

We have audited the financial statements of Spalding Grammar School for the period from 1 February 2013 to 31 August 2013, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's governors, 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 charity's governors 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 governors 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 Statement of Governors' Responsibilities (set out on page 11), the governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the 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 financial statements. In addition, we read all the financial and non-financial information in the to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Academies Accounts Direction 2013 issued by the Education Funding Agency, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

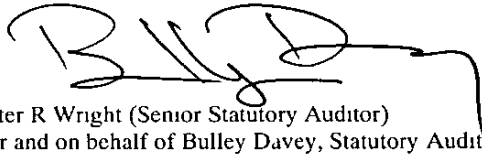
Matters on which we are required to report by exception

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

Spalding Grammar School

Independent Auditor's Report on the Financial Statements to the members of Spalding Grammar School

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



Peter R Wright (Senior Statutory Auditor)
For and on behalf of Bulley Davey, Statutory Auditor

1-4 London Road
Spalding
Lincolnshire
PE11 2TA

Date

17/12/2013

Spalding Grammar School

Independent Auditor's Assurance Report on Regularity to Spalding Grammar School and the Education Funding Agency

In accordance with the terms of our engagement letter dated 6 June 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Spalding Grammar School during the period 1 February 2013 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

This report is made solely to the Governing Body and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to the Governing Body 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 Governing Body and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of the Governing Body's funding agreement with the Secretary of State for Education dated 30 January 2013 and the Academies Financial Handbook extant from 1 September 2012, 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. 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 from 1 February 2013 to 31 August 2013 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 2013 issued by the Education Funding Agency. 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:

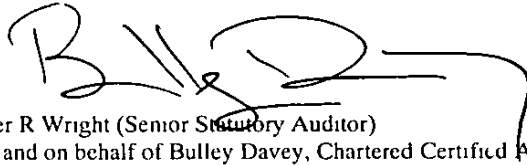
- Understanding the basis on which the Academy Trust's Accounting Officer has made his statement on regularity, propriety and compliance on page 8
- Considering (based on our understanding of the Academy's internal controls) the risk of irregular transactions occurring
- Considering the evidence obtained by us support the audit opinion which we have provided on pages 10-11
- And conducting limited further procedures as we considered to be appropriate, including
- Minutes of the various committees, management accounts and discussions held with key personnel have been reviewed
- Considered that the activities of the Academy Trust are in keeping with the Academy's framework and charitable objectives
- Considered key staff and trustees/governors declared their interests in related parties

Spalding Grammar School

**Independent Auditor's Assurance Report on Regularity to Spalding Grammar School
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 from 1 February 2013 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



Peter R Wright (Senior Statutory Auditor)
For and on behalf of Bulley Davey, Chartered Certified Accountants

1-4 London Road
Spalding
Lincolnshire
PE11 2TA

Date 17/12/2013

Spalding Grammar School

Statement of Financial Activities for the Period from 1 February 2013 to 31 August 2013 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2013 £
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income					
Transfer on conversion	2	-	268,238	17,000,000	17,268,238
Other voluntary income	2	-	437	-	437
Activities for generating funds	3	9,227	172,934	-	182,161
Investment income	4	2,747	-	-	2,747
<i>Incoming resources from charitable activities</i>					
Funding for the Academy's educational operations	5	-	2,769,411	-	2,769,411
School fund income		-	256,673	-	256,673
<i>Other incoming resources</i>					
Other incoming resources	7	-	64,398	-	64,398
Total incoming resources		<u>11,974</u>	<u>3,532,091</u>	<u>17,000,000</u>	<u>20,544,065</u>
Resources expended					
<i>Cost of generating funds</i>					
Cost of generating funds		549	-	-	549
<i>Charitable activities</i>					
Academy's educational operations		-	2,535,249	126,932	2,662,181
School fund expenditure		-	241,039	-	241,039
Governance costs	10	-	8,750	-	8,750
Total resources expended	8	<u>549</u>	<u>2,785,038</u>	<u>126,932</u>	<u>2,912,519</u>
Net incoming resources before transfers		11,425	747,053	16,873,068	17,631,546
Gross transfers between funds		-	(3,225)	3,225	-
Net income for the period		11,425	743,828	16,876,293	17,631,546
Other recognised gains and losses					
Opening defined benefit pension scheme liability		-	(699,000)	-	(699,000)
Actuarial gains on defined benefit pension schemes	26	-	(32,000)	-	(32,000)

Spalding Grammar School

Statement of Financial Activities for the Period from 1 February 2013 to 31 August 2013 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2013 £
Net movement in funds	<u>11,425</u>	<u>12,828</u>	<u>16,876,293</u>	<u>16,900,546</u>
Reconciliation of funds				
Funds carried forward at 31 August 2013	<u>11,425</u>	<u>12,828</u>	<u>16,876,293</u>	<u>16,900,546</u>

All of the Academy's activities derive from acquisitions in the current financial period

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

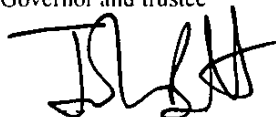
Spalding Grammar School
(Registration number: 08357352)
Balance Sheet as at 31 August 2013

	Note	31 August 2013 £
Fixed assets		
Tangible assets	14	16,876,293
Current assets		
Stocks	15	34,980
Debtors	16	195,848
Cash at bank and in hand		<u>902,545</u>
		1,133,373
Creditors: Amounts falling due within one year	17	<u>(378,120)</u>
Net current assets		<u>755,253</u>
Total assets less current liabilities		<u>17,631,546</u>
Net assets excluding pension liability		17,631,546
Pension scheme liability	26	<u>(731,000)</u>
Net assets including pension liability		<u><u>16,900,546</u></u>
Funds of the Academy:		
Restricted funds		
Restricted general fund		743,828
Restricted fixed asset fund		16,876,293
Restricted pension fund		<u>(731,000)</u>
		16,889,121
Unrestricted funds		
Unrestricted general fund		<u>11,425</u>
Total funds		<u><u>16,900,546</u></u>

The financial statements on pages 16 to 40 were approved by the Governors, and authorised for issue on 17/12/2013 and signed on their behalf by



Mr K Bean
Governor and trustee



Revd J Bennett
Governor and trustee

Spalding Grammar School

Cash Flow Statement for the Period from 1 February 2013 to 31 August 2013

	Note	31 August 2013 £
Net cash inflow from operating activities	21	402,812
Cash transferred on conversion to an academy trust		268,238
Returns on investments and servicing of finance	22	2,747
Capital expenditure and financial investment	23	<u>(3,225)</u>
Increase in cash in the period	24	<u>670,572</u>
Reconciliation of net cash flow to movement in net funds		
Increase in cash in the period		670,572
Net funds at 1 February 2013		<u>-</u>
Net funds at 31 August 2013		<u>670,572</u>

All of the cash flows are derived from acquisitions in the current financial period

Spalding Grammar School

Notes to the Financial Statements for the Period from 1 February 2013 to 31 August 2013

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2013 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.

Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £Nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Spalding Grammar School. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income/net expenditure in the Statement of Financial Activities and analysed under restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in the notes.

Going concern

The governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

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 it is measurable.

Spalding Grammar School

Notes to the Financial Statements for the Period from 1 February 2013 to 31 August 2013

1 Accounting policies (continued)

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 Academy Trust's policies

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

All resources expended are inclusive of irrecoverable VAT

Cost 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 Governor's meetings and reimbursed expenses

Spalding Grammar School

Notes to the Financial Statements for the Period from 1 February 2013 to 31 August 2013

1 Accounting policies (continued)

Tangible fixed assets

Assets costing £1 000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to 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 over its expected useful lives, per the table below.

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.

Asset class	Depreciation method and rate
Fixtures and fittings	20% straight line
Computer equipment	33% straight line
Land and buildings	Straight line over 125 years

Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Stock

Unsold uniforms, catering stocks and netbooks are valued at the lower of cost or net realisable value.

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.

Spalding Grammar School

Notes to the Financial Statements for the Period from 1 February 2013 to 31 August 2013

1 Accounting policies (continued)

Pension 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, are contracted out of the State Earnings-Related Pension Scheme ('SERPS') 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 the notes to the financial statements, 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 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.

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 Department for Education 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 Department for Education.

Spalding Grammar School

Notes to the Financial Statements for the Period from 1 February 2013 to 31 August 2013

2 Voluntary income

	Restricted funds	Restricted fixed asset funds	Total 2013
	£	£	£
Transfer on conversion	268,238	17,000,000	17,268,238
Other voluntary income			
Other donations	437	-	437
Total voluntary income	268,675	17,000,000	17,268,675

3 Activities for generating funds

	Unrestricted funds	Restricted funds	Total 2013
	£	£	£
Hire of facilities	9,227	-	9,227
Catering income	-	100,055	100,055
School shop sales	-	667	667
Recharges and reimbursements	-	62,569	62,569
Other sales	-	9,643	9,643
	9,227	172,934	182,161

4 Investment income

	Unrestricted funds	Total 2013
	£	£
Short term deposits	2,747	2,747

Spalding Grammar School

Notes to the Financial Statements for the Period from 1 February 2013 to 31 August 2013

5 Funding for Academy's educational operations

	Restricted funds £	Total 2013 £
DfE/EFA revenue grants		
General Annual Grant	2,570,674	2,570,674
Other DfE Income	57,086	57,086
	2,627,760	2,627,760
Non-government grants and other income		
Local Authority Grants	141,651	141,651
Total grants	2,769,411	2,769,411

6 Other charitable activities

	Restricted funds £	Total 2013 £
School fund income	256,673	256,673

7 Other incoming resources

	Restricted funds £	Total 2013 £
Service children	120	120
Book fines	331	331
Sale of equipment	250	250
Pre academy income	57,336	57,336
Brought forward	6,361	6,361
	64,398	64,398

Spalding Grammar School

Notes to the Financial Statements for the Period from 1 February 2013 to 31 August 2013

8 Resources expended

	Staff costs £	Premises £	Other costs £	Total 2013 £
Costs of activities for generating funds	-	-	549	549
Academy's educational operations				
Direct costs	1,482,693	-	318,674	1,801,367
Allocated support costs	<u>489,330</u>	<u>220,226</u>	<u>151,257</u>	<u>860,813</u>
	1,972,023	220,226	469,931	2,662,180
School fund expenditure				
Allocated support costs	-	-	241,040	241,040
Governance costs including allocated support costs	<u>-</u>	<u>-</u>	<u>8,750</u>	<u>8,750</u>
	<u>1,972,023</u>	<u>220,226</u>	<u>720,270</u>	<u>2,912,519</u>

Spalding Grammar School

Notes to the Financial Statements for the Period from 1 February 2013 to 31 August 2013

8 Resources expended (continued)

Net incoming/outgoing resources for the period include

	31 August 2013 £
Fees payable to auditor - audit	2,950
- other non-audit services	<u>5,800</u>

9 Charitable activities

	Restricted funds £	Restricted fixed asset funds £	Total 2013 £
Direct costs			
Teaching and educational support staff costs	1,482,693	-	1,482,693
Educational supplies	33,731	-	33,731
Examination fees	86,050	-	86,050
Staff development	6,413	-	6,413
Educational consultancy	1,270	-	1,270
Other direct costs	<u>191,210</u>	-	<u>191,210</u>
	<u>1,801,367</u>	-	<u>1,801,367</u>
Allocated support costs			
Support staff costs	489,330	-	489,330
Depreciation	-	126,932	126,932
Maintenance of premises and equipment	30,358	-	30,358
Cleaning	5,810	-	5,810
Rent, rates and utilities	55,945	-	55,945
Insurance	1,181	-	1,181
Recruitment and support	20,637	-	20,637
Security and transport	16,803	-	16,803
Catering	49,332	-	49,332
Bank interest and charges	1,878	-	1,878
Professional fees	6,370	-	6,370
Other support costs	<u>297,277</u>	-	<u>297,277</u>
	<u>974,921</u>	<u>126,932</u>	<u>1,101,853</u>
	<u>2,776,288</u>	<u>126,932</u>	<u>2,903,220</u>

Spalding Grammar School

Notes to the Financial Statements for the Period from 1 February 2013 to 31 August 2013

10 Governance costs

	Restricted funds £	Total 2013 £
Auditors' remuneration		
Audit of financial statements	2,950	2,950
Other non-audit services	5,800	5,800
	<u>8,750</u>	<u>8,750</u>

11 Staff costs

	2013 £
Staff costs during the period were:	
Wages and salaries	1,597,477
Social security costs	121,476
Pension costs	248,832
Supply teacher costs	4,238
	<u>1,972,023</u>

The average number of persons (including senior management team) employed by the Academy during the period expressed as full time equivalents was as follows

	31 August 2013 No
Charitable Activities	
Teachers	55
Administration and support	47
Management	4
	<u>106</u>

Spalding Grammar School

Notes to the Financial Statements for the Period from 1 February 2013 to 31 August 2013

11 Staff costs (continued)

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

	31 August 2013 No
£60 001 - £70,000	<u>1</u>

1 of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2013, pension contributions for these staff amounted to £6 931.

12 Trustees' remuneration and expenses

The Principal and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as trustees. Other trustees did not receive any payments.

Related party transactions involving the trustees are set out in note 27.

13 Trustees' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5 000 000 on any one claim and the cost for the period ended 31 August 2013 was £1 620.

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

Spalding Grammar School

Notes to the Financial Statements for the Period from 1 February 2013 to 31 August 2013

14 Tangible fixed assets

	Leasehold land and buildings £	Furniture and equipment £	Computer equipment £	Total £
Cost				
Transferred on conversion	16,650,000	250,000	100,000	17,000,000
Additions	-	-	3,225	3,225
At 31 August 2013	<u>16,650,000</u>	<u>250,000</u>	<u>103,225</u>	<u>17,003,225</u>
Depreciation				
Charge for the year	<u>77,700</u>	<u>29,167</u>	<u>20,065</u>	<u>126,932</u>
At 31 August 2013	<u>77,700</u>	<u>29,167</u>	<u>20,065</u>	<u>126,932</u>
Net book value				
At 31 August 2013	<u>16,572,300</u>	<u>220,833</u>	<u>83,160</u>	<u>16,876,293</u>

15 Stock

	31 August 2013
	£
Netbooks	<u>34,980</u>

16 Debtors

	31 August 2013
	£
Trade debtors	42,066
Prepayments	58,085
VAT recoverable	<u>95,697</u>
	<u>195,848</u>

Spalding Grammar School

Notes to the Financial Statements for the Period from 1 February 2013 to 31 August 2013

17 Creditors amounts falling due within one year

	31 August 2013 £
Trade creditors	31,026
Other taxation and social security	549
Other creditors	2,769
Accruals	111,803
Overdrawn bank accounts	<u>231,973</u>
	<u><u>378,120</u></u>

18 Funds

	Balance at 1 February 2013 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2013 £
Restricted general funds					
Restricted General Fund	-	3,532,091	(2,785,038)	(3,225)	743,828
Restricted fixed asset funds					
Restricted Fixed Asset Fund	-	17,000,000	(126,932)	3,225	16,876,293
Restricted pension funds					
Restricted Pension Fund	<u>(699,000)</u>	<u>-</u>	<u>-</u>	<u>(32,000)</u>	<u>(731,000)</u>
Total restricted funds	(699,000)	20,532,091	(2,911,970)	(32,000)	16,889,121
Unrestricted funds					
Unrestricted general funds	<u>-</u>	<u>11,974</u>	<u>(549)</u>	<u>-</u>	<u>11,425</u>
Total funds	<u>(699,000)</u>	<u>20,544,065</u>	<u>(2,912,519)</u>	<u>(32,000)</u>	<u>16,900,546</u>

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 2013

Spalding Grammar School

Notes to the Financial Statements for the Period from 1 February 2013 to 31 August 2013

19 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	16,876,293	16,876,293
Current assets	11,974	1,121,399	-	1,133,373
Current liabilities	(550)	(377,571)	-	(378,121)
Pension scheme liability	-	(731,000)	-	(731,000)
Total net assets	<u>11,424</u>	<u>12,828</u>	<u>16,876,293</u>	<u>16,900,545</u>

20 Financial commitments

Operating leases

At 31 August 2013 the Academy had annual commitments under non-cancellable operating leases as follows

Spalding Grammar School

Notes to the Financial Statements for the Period from 1 February 2013 to 31 August 2013

20 Financial commitments (continued)

Operating leases which expire:

	31 August 2013 £
Other	
Within two to five years	<u>8,088</u>

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

	31 August 2013 £
Net income	17,631,546
Transfer on conversion	(17,268,238)
Depreciation	126,932
Interest receivable	(2,747)
Increase in stocks	(34,980)
Increase in debtors	(195,848)
Increase in creditors	<u>146,147</u>
Net cash inflow from operating activities	<u>402,812</u>

22 Returns on investments and servicing of finance

	31 August 2013 £
Interest received	<u>2,747</u>
Net cash inflow from returns on investments and servicing of finance	<u>2,747</u>

23 Capital expenditure and financial investment

	31 August 2013 £
Purchase of tangible fixed assets	<u>(3,225)</u>

Spalding Grammar School

Notes to the Financial Statements for the Period from 1 February 2013 to 31 August 2013

24 Analysis of changes in net funds

	Cash flows	At 31 August 2013
	£	£
Cash at bank and in hand	<u>670,572</u>	<u>670,572</u>

25 Members' liability

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

26 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 August 2013.

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions increases). From 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.

Spalding Grammar School

Notes to the Financial Statements for the Period from 1 February 2013 to 31 August 2013

26 Pension and similar obligations (continued)

Valuation of the Teachers' Pension Scheme

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

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Spalding Grammar School

Notes to the Financial Statements for the Period from 1 February 2013 to 31 August 2013

26 Pension and similar obligations (continued)

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations 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 and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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. Importantly, 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 just 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 were to be phased in from April 2012 on a 40/80/100% basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy 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 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 contribution made for the period ended 31 August 2013 was £102,000, of which employer's contributions totalled £82,000 and employees' contributions totalled £20,000.

As described in the notes the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

Spalding Grammar School

Notes to the Financial Statements for the Period from 1 February 2013 to 31 August 2013

26 Pension and similar obligations (continued)

Principal actuarial assumptions

	At 31 August 2013
	%
Rate of increase in salaries	5.10
Rate of increase for pensions in payment/inflation	2.80
Discount rate for scheme liabilities	<u>4.60</u>

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

	At 31 August 2013
Retiring today	
Males retiring today	21.20
Females retiring today	23.40
Retiring in 20 years	
Males retiring in 20 years	23.70
Females retiring in 20 years	<u>25.70</u>

The academy's share of the assets and liabilities in the scheme were

	At 31 August 2013
	£
Equities	534,000
Other bonds	83,000
Property	<u>76,000</u>
Total market value of assets	<u>693,000</u>
Surplus in the scheme	<u>693,000</u>

Spalding Grammar School

Notes to the Financial Statements for the Period from 1 February 2013 to 31 August 2013

26 Pension and similar obligations (continued)

The expected rates of return were

	At 31 August 2013 %
Equities	6.60
Other bonds	4.30
Property	4.70
Cash	<u>3.60</u>

The expected return on assets is based on the long-term future expected investment return for each asset class at the beginning of the period. The returns on gilts and other bonds are assumed to be the 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 scheme assets was £28,000.

Amounts recognised in the statement of financial activities

	31 August 2013 £
Current service cost	<u>75,000</u>
Total operating charge	<u>75,000</u>

Analysis of pension finance income/(costs)

	31 August 2013 £
Expected return on pension scheme assets	19,000
Interest on pension liabilities	<u>(35,000)</u>
Pension finance costs	<u>(16,000)</u>

The actuarial gains and losses for the current period are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is (£23,000).

Spalding Grammar School

Notes to the Financial Statements for the Period from 1 February 2013 to 31 August 2013

26 Pension and similar obligations (continued)

Movements in the present value of defined benefit obligation

	31 August 2013 £
At 1 February	1,262,000
Current service cost	75,000
Interest cost	35,000
Employee contributions	20,000
Actuarial losses	32,000
	1,424,000

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

	31 August 2013 £
At 1 February	563,000
Expected return on assets	19,000
Actuarial gains	9,000
Employer contributions	82,000
Employee contributions	20,000
	693,000

The estimated value of employer contributions for next period is £169,000

History of experience adjustments

Amounts for the current period are as follows

	31 August 2013 £
Present value of scheme liabilities	(1,424,000)
Fair value of scheme assets	693,000
	(731,000)
	31 August 2013 £
Experience adjustments arising on scheme assets	9,000
Experience adjustments arising on scheme liabilities	-
	-

Comparative figures have not been restated as permitted by FRS 17

Spalding Grammar School

Notes to the Financial Statements for the Period from 1 February 2013 to 31 August 2013

27 Related party transactions

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

28 Conversion to an academy trust

On 1 February 2013 the Spalding Grammar School converted to academy trust status under the Academies Act 2010 and all the operations assets and liabilities were transferred to Spalding Grammar School from the Lincolnshire County Council Local Authority for £Nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities and an analysis of their recognition in the SOFA.

	Restricted general fund £	Restricted fixed asset fund £	Total £
Tangible fixed assets			
Freehold/leasehold land and buildings	-	16,650,000	16,650,000
Other tangible fixed assets	-	350,000	350,000
Budget surplus on other school funds	69,894	-	69,894
Borrowing obligations	(19,599)	-	(19,599)
Other identified assets and liabilities	217,944	-	217,944
Net assets	<u>268,239</u>	<u>17,000,000</u>	<u>17,268,239</u>