

Registered number: 7899845

**HERSCHEL GRAMMAR SCHOOL**  
(A company limited by guarantee)

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**



**LANDAU BAKER LIMITED**  
**Chartered Accountants & Statutory Auditors**  
**Mountcliff House**  
**154 Brent Street**  
**London**  
**NW4 2DR**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2013**

**Trustees**

Mr J T N Clayton\*, Chair (retired on 5 November 2013)  
Mr D Tottingham\*, Chair (appointed on 5 November 2013)  
Ms J Rockall, Head Teacher  
Mrs S Adams  
Mr M Nelson\*  
Mrs W Barnett  
Mr E John  
Mr P Jacobs  
Mr P Vance  
Mr G Soldi  
Mr F Gill (resigned 29 January 2013)  
Mr A Sood\*  
Mr A Ali  
Dr Z Ali  
Mrs M Rogulska  
Mr S A Ali

**Company registered number**  
7899845

**Principal and registered office**  
Northampton Avenue, Slough, Berkshire, SL1 3BW

**Company secretary**  
Mrs J Vucic

**Chief executive officer**  
Ms J Rockall

**Senior management team**  
Ms J Rockall, Head Teacher  
Mrs J Vucic, Business Manager  
Mr M Bourne, Assistant Headteacher  
Mr M Rose, Assistant Headteacher  
Mr S Devereux, Assistant Headteacher

**Independent auditors**  
Landau Baker Limited, Mountcliff House, 154 Brent Street, London, NW4 2DR

**Bankers**  
Lloyds Bank plc, 123 High Street, Town Centre, Slough, SL1 1EH

**Solicitors**  
Winckworth Sherwood, Minerva House, 5 Montagu Close, London, SE1 9BB

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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

The Trustees (some of whom are also directors of the charity for the purposes of the Companies Act, denoted by a \* after their names in the list of governors on page 1) present their annual report together with the audited financial statements of Herschel Grammar School (the academy) for the ended 31 August 2013. The Trustees confirm that the Annual report and financial statements of the academy comply with the current statutory requirements, the requirements of the academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

**Structure, governance and management**

**a CONSTITUTION**

The academy is a charitable company limited by guarantee and was set up by a Memorandum of Association on 3 January 2012.

The academy is constituted under a Memorandum of Association dated 3 January 2012.

The principal object of the academy is to provide education to pupils in Slough and the surrounding area.

**b. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES**

The management of the academy is the responsibility of the Governors who are elected and co-opted under the terms of the Articles of Association as follows:

- The Head Teacher
- Up to 5 but no fewer than 2 parent governors
- 2 staff governors
- Any governors appointed by the Secretary of State for Education
- Up to 3 co-opted governors

The term of office for any governor is 4 years. The Head Teacher's term of office runs parallel with her term of appointment. Subject to remaining eligible to be a particular type of governor, any governor may be reappointed or re-elected.

**c. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES**

The training and induction provided for new governors will depend on their experience. Where necessary, an induction will provide training on charity and educational, legal and financial matters. All new governors are given a tour of the academy and the chance to meet with staff and students. All governors are provided with copies of policies, procedures, minutes, budgets, plans and other documents that they will need to understand their role as trustees and directors of the academy.

**d ORGANISATIONAL STRUCTURE**

The academy has established a management structure to enable its efficient running. The structure consists of two levels: the governors and the executive who are the senior leadership team.

The governing body has considered its role thoughtfully and decided that the role of the governors is to approve the strategic direction and objectives of the academy and monitor its progress towards these objectives.

The governing body has approved a scheme of delegation which sets out a statement on the system of internal control, responsibilities, standing orders, a scheme of delegation and terms of reference.

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

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**e. RISK MANAGEMENT**

The governors have assessed the major risks to which the academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the academy, and its finances. The governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy has an effective system of internal financial controls and this is explained in more detail in the statement on internal control.

**f. TRUSTEES' INDEMNITIES**

Subject to the provisions of the Companies Act, every governor or other officer of the academy shall be indemnified out of the assets of the academy against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the academy.

**g. PRINCIPAL ACTIVITIES**

The principal activity of the academy is to advance, for the public benefit, education in Slough, Berkshire and the surrounding area by maintaining and operating Herschel Grammar School in Slough.

**Objectives and Activities**

**a. OBJECTS AND AIMS**

The principal object and activity of the academy is the operation of Herschel Grammar School to provide a broad and balanced education for pupils of all abilities. The governors have referred to the guidance issued by the Charity Commission in respect of public benefit when reviewing the aims and objectives of the academy.

In accordance with the articles of association, the academy has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting pupils to the academy, the catchment area from which the pupils are drawn, and that the curriculum should comply with the substance of the national curriculum.

The main objectives of the academy during the period are summarised below:

- to establish, maintain, carry on, manage and develop the academy at Herschel Grammar School, Slough,
- to provide educational facilities, a high standard of teaching and learning and a diverse range of extracurricular opportunities,
- to provide a broad and balanced curriculum including English, mathematics, science, religious education and a daily act of collective worship,
- to maintain the outstanding level of educational achievement of all pupils,
- to provide value for money for the funds expended,
- to comply with all appropriate statutory requirements,
- to conduct the academy's business in accordance with the highest standards of integrity, probity and openness.

The principal long term objectives of the academy are laid out in the Funding Agreement in addition to the points summarised above.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**b. OBJECTIVES, STRATEGIES AND ACTIVITIES**

Last year in September Herschel Grammar School was one of the first schools in the country to be inspected under the new, tougher OFSTED framework. The inspectors found the School to be outstanding overall through achieving Grade 1 in each of the four Ofsted categories, an achievement we are very proud of.

Once again we are celebrating fantastic results at GCSE and A level. The summer results days were characterised by wonderful celebrations and huge smiles from both staff and pupils.

At GCSE the percentage of pupils achieving %A\* - C grades including English and Mathematics was 99.3%. 53% of all grades were 8 A\* or As and the percentage of the A\*s increased by 4% to 22%. 58.4% of pupils achieved at least 5 A\*-A grades.

Our top three pupils all achieved 11 out of 11 A\* grades plus an A in the free standing maths qualification. Many, many pupils exceeded their targets and we are expecting a very positive value added score when they are published later this year. Our preliminary estimate for Value Added is 1013, which is another improvement from last year's score of 1008. Levels of Progress in English and Mathematics also increased with those making 3 levels of progress 97.9% and 98.6% respectively. There is a clear direction of travel and the headline measure at GCSE show pupils receive not only above average attainment but also above average progress and achievement.

At A level our A\*-A grades increased by 2% to 38% and the A\*-B grades increased by 5% to 71% so our whole school strategy to target the higher grades is paying dividends. Our top student achieved 4 A\*s, an A\* in the extended project and an A in AS further maths additional. He is going to Imperial to study Aeronautical Engineering. Two further students achieved 3 A\*s. Two students are going on to Oxford and a further nine into medicine and dentistry. Many more have got places at top universities.

After receiving such high praise from OFSTED in respect to our provision and curriculum offer, there are no plans to make wholesale changes. We have added Computing and Computer Science to the curriculum at both GCSE and A Level this year. This was a response to demand from students as well as responding to wider social and political trends in the move away from ICT and towards a computing based curriculum. We still have a commitment to offering high quality GCSE lessons and at this stage will continue to offering GCSE ICT to Year 8 pupil. We will also have GCSE Law results in 2014, which again provides students with another academic facet. Our curriculum remains broad and balanced offering a range of subjects.

**c. PUBLIC BENEFIT**

In setting the objectives, the governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

**Achievements and performance**

**a. GOING CONCERN**

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

**b. REVIEW OF ACTIVITIES**

Most of the academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the 7 month period ended 31 August 2012 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

The academy also received grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, "Accounting for Reporting by Charities" (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

**Financial review**

**a. FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Companies Act 2006 s417(3b) requires disclosure of the principal risks and uncertainties facing a company. The academy is exposed to a number of financial risks including credit, cash flow and liquidity risks. Given the academy's exposure to financial instruments being limited, the exposure principally relates to bank balances, cash and trade creditors, with limited trade (and other) debtors. The academy's system of internal controls ensures risk is minimal in these areas.

**b. RESERVES POLICY**

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. The governors will keep this level of reserves under review.

**c. PRINCIPAL FUNDING**

Most of the academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the 12 month period ended 31 August 2012 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy also received grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, "Accounting for Reporting by Charities" (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Under the Charities SORP, it is necessary to charge projected deficits on the LGPS, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the academy. It should be noted that this does not present the academy with any current liquidity problem, the employer contributions are currently being assessed and it is expected that they will increase to bring a further reduction in this pension deficit in future, although this may not be achieved until stock market investment values start to recover.

**Plans for the future**

**a. FUTURE DEVELOPMENTS**

The school has identified a number of priorities for this academic year's school improvement plan and the first priority is to focus on Leadership and Management, with the aim of ensuring that all leaders and managers are successful in inspiring the School community in working towards ambitious targets for pupils, in developing a culture of all stakeholders being responsible for leading learning and in ensuring that self-evaluation is rigorous and enables the school to plan effectively to improve outcomes for all learners. One area of focus will be to move good teachers to outstanding and satisfactory teachers to good by implementing new teaching standards and revise the performance management policy. The lesson observation cycle will be more rigorous and we work at introducing a more formal structure of evaluating and developing effective classroom practice.

The second priority is in the area of Teaching and Learning where we aim for higher GCSE and A Level targets with our particular focus on top grades. With this in mind the Heads of Faculties are to reflect and adapt

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

teaching and learning strategies for achieving higher grade targets. The other aim is to develop independent learning by working with pupils on their learning.

The third priority is in the area of Care, Guidance and Support where the aim is to give pupils a hand in key decision making and share responsibility for their school, ensure that pupil attendance remains above local and national averages and create a community where pupils are highly considerate and supportive of each other and respect the school environment. This is to be achieved by continuing to develop more pupil voice involvement in the strategic organisation of the school, their involvement in staff appointments and have input in the future development of the school.

On the school's future development side the school has received planning application for the development of the site and now the next focus is on trying to secure funding in order for the projects to be realised. This might prove to be the more challenging task than receiving planning application, but it's nonetheless one of the focuses for the next academic year.

**MEMBERS' LIABILITY**

The Members of the academy guarantee to contribute an amount not exceeding £10 to the assets of the charity in the event of winding up.

**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

**AUDITORS**

The auditors, Landau Baker Limited, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

This report was approved by order of the board of trustees on 5 November 2013 and signed on its behalf by



**Mr D Tottingham**  
Chair



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**GOVERNANCE STATEMENT**

**SCOPE OF RESPONSIBILITY**

As trustees, we acknowledge we have overall responsibility for ensuring that Herschel 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 trustees 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 Herschel Grammar School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

The information on governance included here supplements that described in the Trustees' report and in the Trustees' responsibilities statement. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr J T N Clayton, Chair (retired on 5 November 2013)	4	4
Mr D Tottingham, Chair (appointed on 5 November 2013)	3	4
Ms J Rockall, Head Teacher	4	4
Mrs S Adams	4	4
Mr M Nelson	3	4
Mrs W Barnett	4	4
Mr E John	3	4
Mr P Jacobs	3	4
Mr P Vance	4	4
Mr G Soldi	4	4
Mr F Gill	0	0
Mr A Sood	1	4
Mr A Ali	2	4
Dr Z Ali	3	4
Mrs M Rogulska	3	4
Mr S A Ali	1	4

The **Finance and Staffing Committee** is a sub-committee of the main board of trustees. Its purpose is to manage the finances of the academy and ensure that resources are applied for the purposes of the academy.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr J T N Clayton	0	4
Mr D Tottingham	3	4
Mr E John	4	4
Mr M Nelson	2	4
Ms J Rockall	4	4
Mr A Sood	1	4
Dr Z Ali	0	4
Mr S A Ali	0	4

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**GOVERNANCE STATEMENT (continued)**

**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 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 Herschel Grammar School for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

**THE RISK AND CONTROL FRAMEWORK**

The academy'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 trustees,
- regular reviews by the Finance and Staffing 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 board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Mr A Sood, a Trustee, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On an annual basis, the RO reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The RO reported to the governing body in May 2013. There were no material issues raised in the RO report.

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**GOVERNANCE STATEMENT (continued)**

**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 auditors,
- the financial management and governance self-assessment process,
- the work of the executive managers within the academy 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 Staffing Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 5 November 2013 and signed on their behalf, by



**Mr D Tottingham**  
Chair



**Ms J Rockall**  
Accounting Officer

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As Accounting Officer of Herschel Grammar School I have considered my responsibility to notify the academy board of trustees 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 and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2012)

I confirm that I and the academy board of trustees are able to identify any material, irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook (2012)

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



**Ms J Rockall**  
**Accounting officer**

Date 05 November 2013

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**TRUSTEES' RESPONSIBILITIES STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees 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 Trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles of the Charities SORP,
- make judgments 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 financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The Trustees 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 Trustees 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 Trustees 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 of trustees and signed on its behalf by

  
Mr D Tottingham  
Chair

Date 5 November 2013

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HERSCHEL GRAMMAR SCHOOL**

We have audited the financial statements of Herschel Grammar School for the year ended 31 August 2013 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

This report is made solely to the academy'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 academy's members those matters we are required to state in an Auditors' 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 academy and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the academy 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 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 academy's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

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

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HERSCHEL GRAMMAR SCHOOL**

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

M B DURST (Senior statutory auditor)

for and on behalf of

**Landau Baker Limited**

Chartered Accountants  
Statutory Auditors

Mountcliff House  
154 Brent Street  
London  
NW4 2DR  
5 November 2013

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**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO HERSCHEL  
GRAMMAR SCHOOL AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 6 January 2012 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 Herschel Grammar School during the year 1 September 2012 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 Herschel Grammar School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Herschel Grammar School 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 Herschel Grammar School and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF HERSCHEL GRAMMAR SCHOOL'S ACCOUNTING OFFICER AND  
THE REPORTING AUDITORS**

The accounting officer is responsible, under the requirements of Herschel Grammar School's funding agreement with the Secretary of State for Education dated 1 February 2012, 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 year 1 September 2012 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 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's income and expenditure.



**HERSCHEL GRAMMAR SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO HERSCHEL  
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 year 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them

M B DURST (Senior statutory auditor)

for and on behalf of

**Landau Baker Limited**

Chartered Accountants  
Statutory Auditors

Mountcliff House  
154 Brent Street  
London  
NW4 2DR

Date 5 NOVEMBER 2013

**HERSCHEL GRAMMAR SCHOOL**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(incorporating income and expenditure account and statement of recognised gains and losses)  
FOR THE YEAR ENDED 31 AUGUST 2013

	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	Total funds 2012 £
Note					
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds					
Voluntary income	3	118,454	-	118,454	29,001,457
Investment income	4	3,781	-	3,781	683
Incoming resources from charitable activities					
	5	117,090	5,220,573	81,097	3,058,730
Other incoming resources	6	-	91,211	91,211	77,067
<b>TOTAL INCOMING RESOURCES</b>		<b>239,325</b>	<b>5,311,784</b>	<b>81,097</b>	<b>5,632,206</b>
<b>RESOURCES EXPENDED</b>					
Costs of generating funds					
Costs of generating voluntary income					
	7	70,197	-	70,197	62,820
Charitable activities	12	148,671	5,225,468	209,637	3,049,981
Governance costs	8	-	54,322	-	45,711
<b>TOTAL RESOURCES EXPENDED</b>	11	<b>218,868</b>	<b>5,279,790</b>	<b>209,637</b>	<b>5,708,295</b>
<b>NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS</b>		<b>20,457</b>	<b>31,994</b>	<b>(128,540)</b>	<b>(76,089)</b>
				<b>28,979,425</b>	

**HERSCHEL GRAMMAR SCHOOL**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	Total funds 2012 £
Transfers between Funds	23	-	15,431	(15,431)	-	-
<b>NET INCOME / (EXPENDITURE) FOR THE YEAR</b>		<b>20,457</b>	<b>47,425</b>	<b>(143,971)</b>	<b>(76,089)</b>	<b>28,979,425</b>
Actuarial gains and losses on defined benefit pension schemes		-	(51,000)	-	(51,000)	(67,000)
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>20,457</b>	<b>(3,575)</b>	<b>(143,971)</b>	<b>(127,089)</b>	<b>28,912,425</b>
<i>Total funds at 1 September 2012</i>		<i>58,869</i>	<i>(138,192)</i>	<i>28,991,748</i>	<i>28,912,425</i>	<i>-</i>
<b>TOTAL FUNDS AT 31 AUGUST 2013</b>		<b>79,326</b>	<b>(141,767)</b>	<b>28,847,777</b>	<b>28,785,336</b>	<b>28,912,425</b>

All activities relate to continuing operations

The Statement of Financial Activities includes all gains and losses recognised in the year

The notes on pages 20 to 39 form part of these financial statements

**HERSCHEL GRAMMAR SCHOOL**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 7899845**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2013**

	Note	£	2013 £	£	2012 £
<b>FIXED ASSETS</b>					
Tangible assets	19		28,847,777		28,991,748
<b>CURRENT ASSETS</b>					
Stocks	20	1,166		1,346	
Debtors	21	141,353		156,797	
Cash at bank and in hand		917,177		717,812	
		<u>1,059,696</u>		<u>875,955</u>	
<b>CREDITORS</b> amounts falling due within one year	22	<u>(360,137)</u>		<u>(300,278)</u>	
<b>NET CURRENT ASSETS</b>			<u>699,559</u>		<u>575,677</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>29,547,336</u>		<u>29,567,425</u>
Defined benefit pension scheme liability	28		<u>(762,000)</u>		<u>(655,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>28,785,336</u></u>		<u><u>28,912,425</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted funds					
Restricted funds	23	620,233		516,808	
Restricted fixed asset funds	23	28,847,777		28,991,748	
Restricted funds excluding pension liability		<u>29,468,010</u>		<u>29,508,556</u>	
Pension reserve		<u>(762,000)</u>		<u>(655,000)</u>	
Total restricted funds			<u>28,706,010</u>		<u>28,853,556</u>
Unrestricted funds	23		<u>79,326</u>		<u>58,869</u>
<b>TOTAL FUNDS</b>			<u><u>28,785,336</u></u>		<u><u>28,912,425</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 5 November 2013 and are signed on their behalf, by

Mr D Tottingham  
Chair of Trustees



Ms J Rockall  
Headteacher



The notes on pages 20 to 39 form part of these financial statements

**HERSCHEL GRAMMAR SCHOOL**  
(A company limited by guarantee)

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2013**

	Note	2013 £	2012 £
Net cash flow from operating activities	25	261,250	829,177
Returns on investments and servicing of finance	26	3,781	-
Capital expenditure and financial investment	26	(65,666)	(111,365)
<b>INCREASE IN CASH IN THE YEAR</b>		<u><u>199,365</u></u>	<u><u>717,812</u></u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS  
FOR THE YEAR ENDED 31 AUGUST 2013**

	2013 £	2012 £
Increase in cash in the year	<u>199,365</u>	<u>717,812</u>
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<u>199,365</u>	<u>717,812</u>
Net funds at 1 September 2012	<u>717,812</u>	-
<b>NET FUNDS AT 31 AUGUST 2013</b>	<u><u>917,177</u></u>	<u><u>717,812</u></u>

The notes on pages 20 to 39 form part of these financial statements

**HERSCHEL GRAMMAR SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 issued by the EFA, applicable accounting standards and the Companies Act 2006.

**1.2 Company status**

The academy is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the academy.

**1.3 Fund accounting**

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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.

Investment income, gains and losses are allocated to the appropriate fund.

**HERSCHEL GRAMMAR SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**1. ACCOUNTING POLICIES (continued)**

**1.4 Incoming resources**

All incoming resources are included in the Statement of financial activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability. For legacies, entitlement is the earlier of the academy being notified of an impending distribution or the legacy being received.

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 provided to the academy 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.

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

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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

**HERSCHEL GRAMMAR SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**1 ACCOUNTING POLICIES (continued)**

**1.5 Resources expended**

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

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

Charitable activities are costs incurred in the academy's educational operations.

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

All resources expended are inclusive of irrecoverable VAT.

**1.6 Going concern**

The Trustees 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 academy to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

**1.7 Tangible fixed assets and depreciation**

All assets costing more than £5,000 are capitalised.

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 are 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's depreciation policy.

The policy with respect to impairment reviews of fixed assets is to carry out a review of a fixed asset 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.

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	125 years
Plant and machinery	-	5 years
Motor vehicles	-	5 years
Fixtures and fittings	-	5 years



**HERSCHEL GRAMMAR SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**1 ACCOUNTING POLICIES (continued)**

**1.8 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**1.9 Taxation**

The academy 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 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.

**1.10 Pensions**

Retirement benefits to employees of the academy 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.

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 in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 28, the TPS is a multi-employer scheme and the academy 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 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 the 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 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.

**2 GENERAL ANNUAL GRANT (GAG)**

Under the funding agreement with the Secretary of State the academy was subject to limits at 31 August 2013 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy has not exceeded these limits during the year ended 31 August 2013.

**HERSCHEL GRAMMAR SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

**3. VOLUNTARY INCOME**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Parental contributions	118,454	-	118,454	84,975
Assets gifted by predecessor school	-	-	-	28,916,482
<b>Voluntary income</b>	<b>118,454</b>	<b>-</b>	<b>118,454</b>	<b>29,001,457</b>

**4. INVESTMENT INCOME**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Investment income	3,781	-	3,781	683

**5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
DfE/EFA revenue grants	-	5,054,206	5,054,206	2,905,010
Other income from educational operations	117,090	247,464	364,554	153,720
	<b>117,090</b>	<b>5,301,670</b>	<b>5,418,760</b>	<b>3,058,730</b>

**FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
<b>DfE/EFA revenue grant</b>				
General Annual Grant	-	4,898,447	4,898,447	2,662,195
Start up grants	-	-	-	25,000
Other DfE/EFA grants	-	139,044	139,044	191,035
Local authority grants	-	16,715	16,715	26,780
	<b>-</b>	<b>5,054,206</b>	<b>5,054,206</b>	<b>2,905,010</b>

**HERSCHEL GRAMMAR SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

**6. OTHER INCOMING RESOURCES**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
General income	-	91,211	91,211	77,067

**7. COSTS OF GENERATING VOLUNTARY INCOME**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Trips and activity costs	70,197	-	70,197	62,820

**8. GOVERNANCE COSTS**

	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Auditors' remuneration	6,250	6,250	4,000
Legal services	7,010	7,010	3,007
Payroll services	4,170	4,170	3,270
Personnel services	19,756	19,756	12,212
Academy conversion costs	4,500	4,500	18,630
Other governance costs	12,636	12,636	4,592
	<u>54,322</u>	<u>54,322</u>	<u>45,711</u>

**9. DIRECT COSTS**

	Educational operations £	Total 2013 £	Total 2012 £
Educational supplies	246,024	246,024	129,903
Examination fees	111,856	111,856	85,593
Staff development	34,200	34,200	6,814
Other direct costs	74,705	74,705	19,316
Recruitment and support	20,469	20,469	9,025
Maintenance of equipment	173,288	173,288	73,356
Wages and salaries	2,700,543	2,700,543	1,523,645
National insurance	225,012	225,012	124,553
Pension cost	353,333	353,333	194,012
	<u>3,939,430</u>	<u>3,939,430</u>	<u>2,166,217</u>

**HERSCHEL GRAMMAR SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

**10. SUPPORT COSTS**

	Educational operations £	Total 2013 £	Total 2012 £
Pension income	24,000	24,000	-
Staff development	674	674	1,111
Maintenance of premises	344,715	344,715	204,053
Maintenance of equipment	26,189	26,189	10,895
Cleaning	52,810	52,810	20,752
Rent and rates	30,134	30,134	21,839
Insurance	42,305	42,305	23,943
Security and transport	96,754	96,754	44,580
Catering	110,336	110,336	57,013
Other support costs	118,126	118,126	64,319
Wages and salaries	473,029	473,029	258,255
National insurance	24,931	24,931	14,277
Pension cost	90,706	90,706	34,622
Depreciation	209,637	209,637	128,105
	<u>1,644,346</u>	<u>1,644,346</u>	<u>883,764</u>

**11. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE**

	Staff costs 2013 £	Depreciation 2013 £	Other costs 2013 £	Total 2013 £	Total 2012 £
Costs of generating voluntary income	-	-	70,197	70,197	62,820
<b>Costs of generating funds</b>	-	-	70,197	70,197	62,820
Educational operations	3,867,554	209,637	1,506,585	5,583,776	3,049,981
Governance	-	-	54,322	54,322	45,711
	<u>3,867,554</u>	<u>209,637</u>	<u>1,631,104</u>	<u>5,708,295</u>	<u>3,158,512</u>

**12. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES**

	Activities undertaken directly 2013 £	Support costs 2013 £	Total 2013 £	Total 2012 £
Educational operations	<u>3,939,430</u>	<u>1,644,346</u>	<u>5,583,776</u>	<u>3,049,981</u>

**HERSCHEL GRAMMAR SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**13. NET INCOMING RESOURCES / (RESOURCES EXPENDED)**

This is stated after charging

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets - owned by the charity	<b>209,637</b>	<b>128,105</b>

**14. AUDITORS' REMUNERATION**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Fees payable to the academy's auditor and its associates for the audit of the academy's annual accounts	<b>6,250</b>	<b>4,000</b>

**HERSCHEL GRAMMAR SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

**15. STAFF COSTS**

Staff costs were as follows

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Wages and salaries	3,173,571	1,781,900
Social security costs	249,943	138,830
Other pension costs (Note 28)	444,039	228,634
	<b>3,867,553</b>	<b>2,149,364</b>
Supply teacher costs	74,705	-
	<b>3,942,258</b>	<b>2,149,364</b>

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

	<b>2013</b>	<b>2012</b>
	<b>No.</b>	<b>No</b>
Teachers	60	59
Administration and support	41	54
Management	5	5
	<b>106</b>	<b>118</b>
	<b>106</b>	<b>118</b>

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

	<b>2013</b>	<b>2012</b>
	<b>No.</b>	<b>No</b>
In the band £60,001 - £70,000	1	0
In the band £100,001 - £200,000	1	0
	<b>2</b>	<b>0</b>
	<b>2</b>	<b>0</b>

The above employees were members of the Teachers' Pension Scheme and contributions amounting to £23,607 were paid by the academy during the period

**HERSCHEL GRAMMAR SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

**16 TRUSTEES' REMUNERATION AND EXPENSES**

	2013 £	2012 £
Remuneration	<u>178,735</u>	<u>99,698</u>

During the year retirement benefits were accruing to 3 Trustees (2012 - 3) in respect of defined benefit pension schemes

The Principal and other 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, other than expenses, from the academy in respect of their role as Trustees. The value of Trustees' remuneration fell within the following bands

	2013 £'000	2012 £'000
Ms J Rockall (Head Teacher)	100-105	55-60
Mr G Soldi	40-45	20-25
Mr P Vance	30-35	15-20

During the year, no Trustees received any reimbursement of expenses (2012 - £NIL)

**17 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 £2,000,000 on any one claim and the cost for the year ended 31 August 2013 was £1,189 (2012 - £1,120)

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

**18. OTHER FINANCE INCOME**

	2013 £	2012 £
Expected return on pension scheme assets	16,000	-
Interest on pension scheme liabilities	(40,000)	-
	<u>(24,000)</u>	<u>-</u>

**HERSCHEL GRAMMAR SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

**19. TANGIBLE FIXED ASSETS**

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost</b>					
At 1 September 2012	29,069,376	32,502	5,756	12,219	29,119,853
Additions	48,185	17,481	-	-	65,666
At 31 August 2013	<u>29,117,561</u>	<u>49,983</u>	<u>5,756</u>	<u>12,219</u>	<u>29,185,519</u>
<b>Depreciation</b>					
At 1 September 2012	115,943	5,954	3,764	2,444	128,105
Charge for the year	195,943	10,586	664	2,444	209,637
At 31 August 2013	<u>311,886</u>	<u>16,540</u>	<u>4,428</u>	<u>4,888</u>	<u>337,742</u>
<b>Net book value</b>					
At 31 August 2013	<u>28,805,675</u>	<u>33,443</u>	<u>1,328</u>	<u>7,331</u>	<u>28,847,777</u>
At 31 August 2012	<u>28,953,433</u>	<u>26,548</u>	<u>1,992</u>	<u>9,775</u>	<u>28,991,748</u>

Included in land and buildings is freehold land at valuation of £5,000,000 which is not depreciated

**20. STOCKS**

	2013 £	2012 £
Raw materials	<u>1,166</u>	<u>1,346</u>

**21. DEBTORS**

	2013 £	2012 £
Trade debtors	51,128	45,120
Other debtors	28,034	66,074
Prepayments and accrued income	62,191	45,603
	<u>141,353</u>	<u>156,797</u>



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22. CREDITORS:

Amounts falling due within one year

	2013	2012
	£	£
Trade creditors	138,149	141,084
Other taxation and social security	71,396	-
Other creditors	96,801	86,194
Accruals and deferred income	53,791	73,000
	<u>360,137</u>	<u>300,278</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**23. STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Designated funds</b>						
Designated Funds - all funds	34,492	-	-	-	-	34,492
<b>General funds</b>						
General Funds - all funds	24,377	239,325	(218,868)	-	-	44,834
Total Unrestricted funds	58,869	239,325	(218,868)	-	-	79,326
<b>Restricted funds</b>						
Restricted Funds - all funds	516,808	5,311,784	(5,223,790)	15,431	-	620,233
Pension reserve	(655,000)	-	(56,000)	-	(51,000)	(762,000)
	(138,192)	5,311,784	(5,279,790)	15,431	(51,000)	(141,767)
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset Funds - all funds	28,991,748	81,097	(209,637)	(15,431)	-	28,847,777
Total restricted funds	28,853,556	5,392,881	(5,489,427)	-	(51,000)	28,706,010
Total of funds	28,912,425	5,632,206	(5,708,295)	-	(51,000)	28,785,336

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

All funds originated from assets gifted by the predecessor school. In addition

Restricted fixed asset funds have been increased by capital grants provided by the DfE and reduced by depreciation charges

Restricted general funds have been increased by revenue grants provided by the DfE and reduced by expenditure incurred in the operation of the academy

The restricted funds can only be used in terms of limitations imposed by the Funding Agreement with the DfE and the terms of any specific grant

Unrestricted funds have been increased by voluntary contributions by parents and reduced by expenditure incurred in the operation of the academy

Under the funding agreement with the Secretary of State, the academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2013. Note 2 discloses whether the limit was exceeded

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**23. STATEMENT OF FUNDS (continued)**

**SUMMARY OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds	34,492	-	-	-	-	34,492
General funds	24,377	239,325	(218,868)	-	-	44,834
	<u>58,869</u>	<u>239,325</u>	<u>(218,868)</u>	<u>-</u>	<u>-</u>	<u>79,326</u>
Restricted funds	(138,192)	5,311,784	(5,279,790)	15,431	(51,000)	(141,767)
Restricted fixed asset funds	28,991,748	81,097	(209,637)	(15,431)	-	28,847,777
	<u>28,912,425</u>	<u>5,632,206</u>	<u>(5,708,295)</u>	<u>-</u>	<u>(51,000)</u>	<u>28,785,336</u>

**24. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	Total funds 2012 £
Tangible fixed assets	-	-	28,847,777	28,847,777	28,991,748
Current assets	101,326	958,370	-	1,059,696	875,954
Creditors due within one year	(22,000)	(338,137)	-	(360,137)	(300,277)
Provisions for liabilities and charges	-	(762,000)	-	(762,000)	(655,000)
	<u>79,326</u>	<u>(141,767)</u>	<u>28,847,777</u>	<u>28,785,336</u>	<u>28,912,425</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**25. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2013 £	2012 £
Net incoming resources before revaluations	(76,089)	28,979,425
Returns on investments and servicing of finance	(3,781)	-
Assets gifted from the predecessor school	-	(28,916,482)
Bank balances, debtors and creditors transferred from predecessor school	-	495,994
Depreciation of tangible fixed assets	209,637	128,105
Decrease/(increase) in stocks	180	(1,346)
Decrease/(increase) in debtors	15,444	(156,797)
Increase in creditors	59,859	300,278
FRS 17 adjustments	56,000	-
<b>Net cash inflow from operations</b>	<b>261,250</b>	<b>829,177</b>

**26. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2013 £	2012 £
<b>Returns on investments and servicing of finance</b>		
Interest received	3,781	-
	<b>3,781</b>	<b>-</b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(65,666)	(111,365)
	<b>(65,666)</b>	<b>(111,365)</b>

**27. ANALYSIS OF CHANGES IN NET FUNDS**

	1 September 2012 £	Cash flow £	Other non-cash changes £	31 August 2013 £
Cash at bank and in hand	717,812	199,365	-	917,177
<b>Net funds</b>	<b>717,812</b>	<b>199,365</b>	<b>-</b>	<b>917,177</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**28. PENSION COMMITMENTS**

The academy's employees belong to two principal pension schemes the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Royal County of Berkshire Pension Fund 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 2004 and of the LGPS 31 March 2010

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

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) 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

**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

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**28. PENSION COMMITMENTS (continued)**

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.

**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 assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £119,000, of which employer's contributions totalled £89,000 and employees' contributions totalled £30,000. The agreed contribution rates for future years are 19% for employers and 8% for employees.

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.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**28 PENSION COMMITMENTS (continued)**

The amounts recognised in the Balance sheet are as follows

	2013 £	2012 £
Present value of funded obligations	(1,219,000)	(962,000)
Fair value of scheme assets	457,000	307,000
Net liability	<u>(762,000)</u>	<u>(655,000)</u>

The amounts recognised in the Statement of financial activities are as follows

	2013 £	2012 £
Interest on obligation	(40,000)	-
Expected return on scheme assets	16,000	-
Total	<u>(24,000)</u>	<u>-</u>
Actual return on scheme assets	<u>30,000</u>	<u>6,000</u>

Movements in the present value of the defined benefit obligation were as follows

	2013 £	2012 £
Opening defined benefit obligation	962,000	821,000
Interest cost	40,000	-
Current service cost	121,000	68,000
Interest cost	-	22,000
Contributions by scheme participants	30,000	18,000
Actuarial Losses	66,000	33,000
Closing defined benefit obligation	<u>1,219,000</u>	<u>962,000</u>

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**28. PENSION COMMITMENTS (continued)**

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

	2013 £	2012 £
Opening fair value of scheme assets	307,000	232,000
Expected return on assets	16,000	-
Actuarial gains and (losses)	(51,000)	(67,000)
Contributions by employer	-	52,000
Contributions by employer	89,000	-
Expected return on assets	-	39,000
Actuarial gains and (losses)	66,000	33,000
Contributions by employees	30,000	18,000
	<u>457,000</u>	<u>307,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £51,000 (2012 - £67,000)

The academy expects to contribute £90,000 to its Defined benefit pension scheme in 2014

The major categories of scheme assets as a percentage of total scheme assets are as follows

	2013	2012
Equities	42.00 %	40.00 %
Other bonds	21.00 %	18.00 %
Property	9.00 %	10.00 %
Cash	1.00 %	5.00 %
Alternative assets	26.00 %	27.00 %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages)

	2013	2012
Discount rate for scheme liabilities	4.70 %	3.90 %
Expected return on scheme assets at 31 August	5.20 %	4.50 %
Rate of increase in salaries	4.85 %	3.85 %
Rate of increase for pensions in payment / inflation	2.90 %	1.90 %
Inflation assumption (CPI)	2.90 %	1.90 %
Commutation of pensions to lump sums	50.00 %	50.00 %

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

	2013	2012
Retiring today		
Males	23.1	23.0
Females	25.7	25.6
Retiring in 20 years		
Males	25.1	25.0
Females	27.6	27.6



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**NOTES TO THE FINANCIAL STATEMENTS**  
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**28. PENSION COMMITMENTS (continued)**

Amounts for the current and previous period are as follows

Defined benefit pension schemes

	2013 £	2012 £
Defined benefit obligation	(1,219,000)	(962,000)
Scheme assets	457,000	307,000
Deficit	<u>(762,000)</u>	<u>(655,000)</u>
Experience adjustments on scheme assets	<u>(51,000)</u>	<u>(67,000)</u>

**29. OPERATING LEASE COMMITMENTS**

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

	2013 £	2012 £
<b>Expiry date:</b>		
Within 1 year	12,227	59,028
Between 2 and 5 years	-	12,227
	<u>12,227</u>	<u>71,255</u>

**30. RELATED PARTY TRANSACTIONS**

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has 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.