

REGISTRAR OF COMPANIES

Bacon's College

Annual report and financial statements

31 August 2016

Company Limited by Guarantee
Registration Number
02490773 (England and Wales)

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Reference and administrative information

Trustees and members Mrs Caroline Donne (Appointed Chair 1 September 2015)
Lord Harris of Peckham
Sir Simon Hughes
Mr Philip John Saunders
Mrs Sandra Routledge
Mr Joshua Rey (Appointed 7 July 2016)

Governors Mr Eugene O'Keeffe (Chairman)
Mrs Debra Clinton (Parent Governor)
Mr Darren Coghlan
Mrs Caroline Donne
Dr Charlotte Kearns (Teacher Governor) (Appointed 26 November 2015)
Mrs Juliette Marshall (Support Staff Governor)
Mrs Jane Marwood
Mrs Pamela Noble (Resigned 31 December 2015)
Mrs Sandra Routledge
Mr Neil Spence
Mrs Caroline Sumnall (Appointed 19 October 2016)
Mr Karl Williams (Appointed 1 September 2015)

Company Secretary Mr Colin Powell

Senior Leadership Team

Principal	Mr Chris Mallaband (From 1 September 2015)
Vice Principal Head of School	Mr Martin Winter
Vice Principal Academic Standards	Mr David Burgess
Director of Finance & Human Resources	Mr Robert Nisbeth (Until 2 September 2016)
Director of Finance	Mrs Kofo Ladele (From 30 August 2016)
Assistant Head Student Support	Ms Norma Gould
Assistant Head Teaching & Learning	Ms Heidi Squire
Assistant Head KS3	Ms Julia Day
Assistant Head KS4	Ms Charlotte Bateson
Assistant Head Economic wellbeing, worship & ethos	Ms Fiona Foreman
Assistant Head KS5	Mr Chris Hall

Reference and administrative information

Principal Address	Timber Pond Road Rotherhithe London SE16 6AT
Registered Office	48 Union Street London SE1 1TD
Company Registration Number	02490773 (England and Wales)
Bankers	National Westminster Bank plc Southwark Branch PO Box 35 10 Southwark Street London SE1 1TT
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Solicitor	Memery Crystal LLP 44 Southampton Buildings London WC2A 1AP

The trustees present their report together with the audited financial statements for the year ended 31 August 2016. The report has been prepared in accordance with Part VIII of the Charities Act 2011. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies on pages 32 to 38 of these financial statements, and comply with the charitable company's Memorandum and Articles of Association, the Companies Act 2006, and the requirements of the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Bacon's College is a company limited by guarantee (company registration no. 02490773). It became an exempt charity on 1 August 2011. The primary governing documents are the Memorandum and Articles of Association, which set out the procedures for appointing trustees and regulating the work of the Board. Trustees are appointed by the Southwark Diocesan Board of Education (SDBE), The Philip and Pauline Harris Charitable Trust (PPHCT) and the Secretary of State for Education. The members of the charitable company, the trustees, shall not be less than four but are not subject to any maximum number. They shall include:

- ◆ six trustees appointed by the Principal Sponsor (SDBE) or such other number that reflects the ratio of trustees appointed by the Principal Sponsor to trustees appointed by PPHCT;
- ◆ four trustees appointed by PPHCT or such other number that reflects the ratio of trustees appointed by PPHCT to trustees appointed by the Principal Sponsor; and
- ◆ one trustee appointed by the Secretary of State for Education.

The Articles of Association require the trustees of the charitable company to appoint governors, in proportion to reflect the balance of the composition of the trustees, to be responsible for the administration and running of the College.

In accordance with the Articles of Association, the charitable company 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 students to the College, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with an emphasis on digital media. Such a curriculum shall have regard to the promotion of education in the principles of the Church of England.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Principal activities

Bacon's College provides education for children of different abilities between the ages of 11 and 19, within the principles of the Church of England, and with an emphasis on digital media.

Academy Status

The College was granted Academy status on 1 September 2007. The trustees and the governors saw significant benefits for the College in changing to Academy status from a City Technology College. In particular, additional capital funds were made available to Bacon's College to re-configure the existing College building to house the digital media and technology specialism. These enhanced facilities will continue to assist the College provide modern specialist courses which will improve the employability of students. The change of status was a very easy transition for the College as the Academy model is based closely on the City Technology College model.

Members' liability

Every member of the charitable company undertakes to contribute to the assets of the charitable 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.

Trustees

The trustees are directors of the company for the purposes of the Companies Act 2006.

The following trustees served throughout the year and up to the date this report was signed except as stated:

Trustees	Appointed/Resigned
Mrs Caroline Donne (Chair)	Appointed 1 September 2015
Lord Harris of Peckham	
Sir Simon Hughes	
Mr Philip John Saunders	
Mrs Sandra Routledge	Appointed 7 July 2016
Mr Joshua Rey	

The term of office for any trustee shall be four years, although the nominating bodies may re-nominate the trustees to serve for a further period. Whilst all serving trustees are experienced and have a good understanding of their role and responsibilities, training and development needs are reviewed on an ongoing basis to ensure all governance requirements are met.

During the year under review, the trustees held meetings on a regular basis.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trustees', governors' and officers' insurance

The College has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees, governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on College business, and, provides cover up to £10,000,000.

It is not possible to quantify the trustees', governors' and officers' indemnity element from the overall cost of the RPA scheme.

Organisational structure

The trustees appoint the governors. They have also devolved most of their powers to the governors who serve on the governing body. The trustees meet periodically, as required, and retain direct responsibility for:

- ◆ the approval of the College budget each year; and
- ◆ the position of the Principal.

The trustees have delegated to the governors the responsibility for ensuring that an effective system of internal control, financial and otherwise, is maintained and operated by the College. This is further explained in the Governance Statement.

Arrangements for setting pay of the College and remuneration of key management personnel

The key management personnel comprises the Senior Leadership Team (SLT), the trustees and the governors as listed on page 1. The College operates its own pay spine made up of a number of points, subdivided into the Preliminary Scale and the Main Scale. All salary ranges, irrespective of their length, are located on the College's pay spine.

The Personnel Sub Committee, on behalf of the governing body, will ensure that every staff member's salary is reviewed annually and that each receives a written statement setting out their salary and any other financial benefits to which they are entitled. Typically, salary increases will be introduced at the beginning of the relevant academic year as will any back pay arising from performance management reviews that occur in the autumn term. Reviews may take place at other times of the year to reflect any changes in circumstances or job description that lead to a change in the basis for calculating an individual's pay.

The Chair of the Trustees and the Chair of Governors are responsible for the performance management of the Principal and for determining the Principal's pay. The Principal must demonstrate sustained high quality performance with particular regard to leadership, management and student progress at the College and will be subject to a review of performance against performance objectives before any increase in salary will be awarded.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Arrangements for setting pay of the College and remuneration of key management personnel (continued)

No trustees or governors are remunerated, other than the staff governors who are only remunerated in their capacity as employees of the College rather than for their role as governors.

Senior Leadership Team (SLT)

The SLT during the year included the Principal, two Vice Principals (Vice Principal Head of School with responsibility for all daily operations and admissions; and Vice Principal Academic Standards with responsibility for standards), the Director of Finance & Human Resources, three Key Stage Directors (KS 3/4 and 5), and three Assistant Heads each with specific responsibilities for the whole College.

These leaders are executives of the College and develop and implement policies agreed by the governing body and are responsible for the authorisation of spending within agreed budgets. Curriculum spending is controlled by curriculum leaders, who in turn, are managed by a member of the SLT.

There are clear guidelines, which are monitored by the senior leaders, on how spending should be carried out.

Recruitment of staff is also carried out by members of the SLT, with the Principal directly involved in all appointments.

Risk management

The trustees and governors have been assured that the major risks to which the College is exposed have been reviewed and systems have been established to mitigate those risks.

The College has an effective system of internal financial controls and this is explained in more detail in the governance statement.

Risks with highest total risk score and the actions being taken to mitigate these are;

- ◆ Not maintaining a 'Good' rating in the Ofsted Inspection as the College will not be able to position itself in a competitive market. Management is regularly reviewing issues raised from the last inspection, putting measures in place focused on raising attainment and embedding a formal CPD system especially for teaching staff;
- ◆ Failure to deliver improvements in year 11 GCSE results resulting in learners not achieving their full potential. This may result in an adverse impact on future enrolment and possible close scrutiny by Ofsted. To mitigate this risk, a budget has been ring-fenced for raising attainment. Learner support needs are quickly identified and action plan set in place to address issues promptly; and

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk management (continued)

- ◆ Failure to manage staff absences within budget constraints, resulting in disruption to student learning, College operations and financial overspend on both staff pay and appointments budgets. The sickness policy is regularly reviewed, back to work interviews and referrals to Occupational Therapists are monitored and reported to the Personnel Committee.

Related companies

Bacon's College Educational and Community Services Limited

The College owns 100% of the issued ordinary share capital of Bacon's College Educational and Community Services Limited ("BCECS Ltd"), a company incorporated in the United Kingdom (Company Registration no. 02813215). Consolidated financial statements are not prepared on the basis that the results of the trading company are not deemed material.

Bacon's College Community Services Limited

During the year ended 31 August 2005, the College set up a separate legal entity, Bacon's College Community Services Limited ("BCCS Ltd"), to develop and provide recreational facilities on the Mellish Fields site which adjoins the College.

BCCS Ltd was incorporated as a company limited by guarantee on 24 December 2004 (Company Registration No. 05321174) and registered as a charity on 2 September 2005 (Charity Registration No. 1111158).

The Principal and two governors of the College served as directors of BCCS Ltd during the year ended 31 August 2016. Bacon's College does not control BCCS Ltd. Therefore BCCS Ltd is not consolidated within the College's financial statements.

OBJECTIVES AND ACTIVITIES

Objects and activities

The College's Mission Statement states that "raising standards and creating opportunities within a framework of Christian values" is the primary objective. The College has a strong focus on academic outcomes at all levels and is also committed to the personal development of all its students. There are significant funds provided for staff training with support and encouragement for higher qualifications and accreditation. There is a well established Development Planning Cycle with individual target setting supported by appraisal for each member of staff. Without such a systematic and strategic approach, planned improvement and progress would not happen.

The main objectives of the College during the year ended 31 August 2016, and the strategies for achieving them, are summarised below:

- ◆ To raise the educational standard of achievements of all students;

OBJECTIVES AND ACTIVITIES (continued)

Objects and activities (continued)

- ◆ To ensure that every student enjoys the same high quality education in terms of resourcing tuition and care;
- ◆ To improve the effectiveness of the College by keeping the curriculum and organisational structure under continual review;
- ◆ To provide value for money for the funds expended;
- ◆ To comply with all appropriate statutory and curriculum requirements;
- ◆ To maintain close links with industry and commerce; and
- ◆ To conduct the College's business in accordance with the highest standard of integrity, probity and openness.

Public benefit

In setting the College objectives and planning its activities the trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

Equal opportunities policy

The trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The College has established equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled persons

The policy of the College is to support the employment of disabled persons both in recruitment and by retention of employees who become disabled whilst in the employment of the College. It also has an inclusive policy for the recruitment of students. Lifts, ramps and disabled toilets have been installed and door widths have been enlarged to enable wheelchair access to all the main areas of the College.

ACHIEVEMENTS AND PERFORMANCE

Y11 2015/16 cohort outcomes

Prior Ability

- ◆ The prior ability of the year 11 cohort was significantly above the national average.
- ◆ The prior attainment of Non-FSM, Non-WBRI and Girls were all above their year group average.

Attainment:

Year 11 in 2015/16	Prior Attainment	SACEM	Basics	APS Capped 8	Attainment 8	Ebac	APS English	APS Maths
Actual unverified results	0.9 Sig+	54.5	56.3	310.6	48.72	19.3	39.52	38.25
Predictions	0.9 sig+	60.5-66.7	62.7-67.8	311.81-324.22	49.19-51.41	24.3-36.7	38.20-41.71	40.90-41.72
National Average 2015 validated		56	58	308.6	47.78	24	38.7	38.3
2015 RAISE	-0.1	60	61	318.9	50.35	24	40.5 sig+	40
2014 RAISE	0.3	59	59.8	317	50.18	24	40.3 sig+	40.3 Sig+

- ◆ Basics: This includes students who have achieved a C or above grade in both English and Maths. Down 4.7% on the previous year. 34 students achieved a C in either English or Math's but not the other. 10 of these did not achieve English and 24 Math's. Of these 34 students, 12 were WBRI.
- ◆ Attainment 8: Down by 1.63 on previous year. Attainment 8 was 4.51 below the national average for this cohort. To match the national coefficients, this cohort should have achieved an average of 53.23
- ◆ Ebac: 19.3% of students achieved the Ebac which is a reduction of 4.7% from the previous year.

ACHIEVEMENTS AND PERFORMANCE (continued)

Y11 2015/16 cohort outcomes (continued)

Progress

Year 11 in 2015/16	Progress 8	3 LOP English	4 LOP English	3 LOP Maths	4 LOP Maths	Value Added Best 8
Actual unverified results	-0.47	69.9	37	53.1	25.7	974.678
Predictions	-0.26 - 0.03	66.7 - 73.9	31.0 - 38.6	66.5 - 68.2	39.8 - 40.3	984.561 - 1001.416
National Average 2015 validated		69	30	66	30	
2015	0.16	76	40	71	35	1003.9
2014	0.01	67.3	29.6	71	28	994.2

- ◆ Progress 8: Down 0.63 on the previous year.

Sub group attainment

- ◆ In terms of proportion of the cohort, disadvantaged students and non-WBRI are the largest groups. 28% of the cohort were WBRI. In comparison to national averages the College has a very high proportion on disadvantaged, ethnic minority and SEN Support students.

Disadvantaged students

- ◆ The disadvantaged cohort made up 59% of the Year 11 cohort and slightly less able than the non-disadvantaged cohort based on prior attainment.
- ◆ The gap between FSM and all students is small and much smaller than the national gaps.
- ◆ The size of the gap at Bacon's College is the same as the previous year for basics but there was an increase in the Ebac gap (1.9). The P8 gap between disadvantaged and non-disadvantaged students has closed, there is now no gap. The A8 gap has widened slightly on the previous year (3.45).

WBRI

- ◆ The white British cohort makes up 28% of the Year 11 cohort, a slight reduction on the previous year, and are slightly less able than the non-WBRI based on prior attainment.

ACHIEVEMENTS AND PERFORMANCE (continued)

Sub Group Attainment (continued)

WBRI (continued)

- ◆ There was a marked reduction in the performance of the WBRI cohort when compared to the previous year and the within school gap between WBRI and non-WBRI students has widened considerably.
- ◆ The white British (table 3; P8: -0.80) and white working class students (table 5; P8: -0.96) performance was very poor in terms of Progress 8 and this has had a significant impact on the overall P8 figure. A significant proportion of outliers were also WBRI. The overall impact of the white working class cohort on the overall P8 figure was a reduction of 0.24.

Gender

- ◆ The percentage split in the cohort between girls and boys is 48/52%. Boys are 1.19 APS less able than the girls based on KS2 prior attainment.
- ◆ The within school gap between boys and girls has widened in all measures in the girls favour.

The impact of 'outliers', those who are statistically far away from the average:

- ◆ There are 19 'outliers' whose average P8 score is: -3.12. The impact of this group on the overall P8 score is a reduction of 0.32. Without the outliers the College P8 scores is: -0.14. The normal range in the College is 8 to 10.
- ◆ The calculation of P8, as an average of the year group's individual P8 scores, gives undue significance to the most challenging students' outcomes.
- ◆ Whilst there are usually outliers in any school's cohort, there were a particularly large number in the 2015/16 cohort.
- ◆ When compared to the previous year there were far more outliers in 2015/16 than in 2014/15.

Subject performance

- ◆ An increased number of lower ability students being entered for Ebac subjects has led to an increase in attainment 8 national averages, this is why the P8 figures changed so dramatically from the previous year.
- ◆ As more schools adopt a policy of entering more or all students for Ebac, our policy of protecting the students' ability to choose to study non-Ebac subjects will impact on our A8P8 measures.

ACHIEVEMENTS AND PERFORMANCE (continued)

Subject Performance (continued)

The A8P8 Buckets:

Attainment 8 (A8) and Progress 8 (P8) are identified through the performance of subjects grouped together as shown below.

Ebac subjects: Science, including Computer Science, Humanities and Languages. Open Subjects: All others not including English, Maths or Ebac.

Attainment 8 is calculated using students' GCSE point scores. Progress 8 compares those individual A8 scores to national coefficients. Progress 8 is the difference between Bacon's students' average scores and the national coefficients.

	English	NA 2015	Maths	NA 2015	Ebac	NA 2015	Open	NA 2015
A8	10.48	10.36	9.59	9.67	13.16	12.55	15.49	15.49
Estimated A8	11.16		10.54		14.85		16.68	
P8	-0.34	0.17	-0.5	0.19	-0.6	0.24	-0.41	0.19

- ◆ Although English was disappointing, it was the best performing of the buckets in terms of P8.
- ◆ The open bucket performed best in terms of A8, with its contributions from the high performing creative arts.
- ◆ The poor performance of some Ebac subjects, notably languages and Science has had a significant impact on the Ebac P8 scores.

Grade boundary changes

- ◆ The impact in iGCSE English of changing grade boundaries has been most significant. Using the same grade boundaries as last year, all of the 31 English D grades would have been Cs.
- ◆ There were a large number of D grades in Maths (40).

ACHIEVEMENTS AND PERFORMANCE (continued)

Subject Performance (continued)

Prior ability

- ◆ The average grade for the cohort was a B- for the third year in a row, despite the cohort being the weakest cohort in terms of academic ability (as evidenced by their prior GCSE scores and by results of their ALIS tests [designed to benchmark their ability]). In short, the average grade has remained the same even as the trend of prior ability has declined.

A2 Grade Performance %	2016	ALIS+1 Target	2015	2014	2013
A*	5.1	1.6	8.6	7.6	4
A*-A	26.3	12.6	29.9	32.4	21
A*-B	46.7	51.3	60.3	50.5	57
A*-C	77.7	87.4	82.8	79.1	83
A*-D	95.5	98.9	96.7	92.1	94
A*-E	99.0	99.9	99.3	96.3	97
APS Performance	2016		2015	2014	2013
Actual APS	39.2*		232.73	229.21	227
ALIS APS	35.4*		215.56	219.24	224
Actual v ALIS	+3.8*		+17.17	+9.97	+3

*APS national methodology has changed for 2015/16 from that used in 2014/15

- ◆ In light of a likely OFSTED Inspection this year, the sixth form is Good with Outstanding features.
- ◆ The majority of the sixth form is performing very well.

FINANCIAL REVIEW

Financial report for the year

Most of the College'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 year and the associated expenditure are shown as restricted funds in the statement of financial activities on page 28.

The net deficit for the year excluding the fixed assets fund and before gains and losses but after transfers was £358,745 (2015 - deficit of £266,559). The net movement in funds for the year after actuarial gain on the pension liability was a deficit of £1,922,883 (2015 - deficit of £670,702).

At 31 August 2016, the net book value of tangible fixed assets was £15,809,756 (2015 – £16,299,813). The movements in the tangible fixed assets are shown in note 12 to the financial statements. Tangible fixed assets are all held for use by the College. The pension liability in relation to the London Borough of Southwark Pension Scheme was £1,581,000 (2015 - £305,000) at the year end. Details of the pension scheme are given in note 21 of these financial statements.

Financial and risk management objectives and policies

The College has identified the following financial risks and have put in place policies to mitigate these risks:

- ◆ Financial shortfall due to lack of student numbers in Yr7.
- ◆ Financial shortfall due to lack of recruitment into Post16 education.
- ◆ Financial shortfall due to a fall in student numbers generally.

The three risks above if they occur may result in an adverse impact on eligible funding to cover fixed costs and inevitably on cash flow. The College regularly reviews its marketing strategy and MIS data to ensure that maximum learner numbers are achieved and funding claimed. Management of this risk is reviewed periodically by the Curriculum and Academic Standards Committee.

Principal risks and uncertainties

The trustees and governors have given careful consideration to the relevant risks and uncertainties faced by the College and the risks listed below are deemed to be the key areas for concern:

- ◆ Not maintaining a 'Good' rating in the Ofsted Inspection as the College will not be able to position itself in a competitive market. Management is regularly reviewing issues raised from the last inspection, putting measures in place focused on raising attainment and embedding a formal CPD system especially for teaching staff;

FINANCIAL REVIEW (continued)

Principal risks and uncertainties (continued)

- ◆ Failure to deliver improvements in year 11 GCSE results resulting in learners not achieving their full potential. This may result in an adverse impact on future enrolment and possible close scrutiny by Ofsted. To mitigate this risk, a budget has been ring-fenced for raising attainment. Learner support needs are quickly identified and action plan set in place to address issues promptly;
- ◆ Failure to manage staff absences within budget constraints, resulting in disruption to student learning, College operations and financial overspend on both staff pay and appointments budgets. The sickness policy is regularly reviewed, back to work interviews and referrals to Occupational Therapists are monitored and reported to the Personnel Committee.

Reserves policy and financial position

Investment policy

Monies surplus to requirements are held within bank deposit accounts.

Financial position

At 31 August 2016, the College had total funds of £15,230,512 (2015 - £17,153,395). This comprised of £14,665,277 (2015 - £16,496,776) of total restricted funds and £565,235 of unrestricted general funds (2015 - £656,619). The pension reserve balance of £1,581,000 (2015 - £305,000), which is in deficit relates to the local government defined benefit scheme for non teaching staff (see note 21). The fund balances are adequate to fulfil the obligations of the College and provide a balance against most unforeseen future events and any cash outflows as a result of the pension deficit will arise over a number of years. To achieve the development plan objectives and for other major projects, the College remains dependent on the provision of additional grants from the EFA, including in relation to capital projects.

Reserves policy

The College's level of free reserves (total funds less the amount held in fixed assets, pension reserve, EFA developed formula capital grants fund and restricted funds relating to non EFA grants) was £579,056 at 31 August 2016 (2015 - £738,020). The College trustees have agreed that the minimum level of free reserves should be £500,000. In the context of the reserves policy, the College's free reserves at 31 August 2016 were not deemed to be excessive.

Going concern

After making appropriate enquiries, the trustees have an expectation that the College has adequate resources to continue in operational existence for the foreseeable future.

PLANS FOR THE FUTURE

A full College Improvement Plan is presented annually to SLT, Governors and Trustees and is available on request. This plan is informed by rigorous self-evaluation and by monitoring and evaluation exercises conducted by external partners. It has the following key objectives:

1. Improve the quality of teaching and learning. This section focuses on improving:
 - ◆ Literacy
 - ◆ Curriculum offer
 - ◆ Marking and feedback
 - ◆ Presentation
 - ◆ Quality Assurance
 - ◆ Professional Development
2. Leadership and management – including the key role of SLT and middle leadership
3. Behaviour and student welfare
4. Raising attainment – including strategies to identify under-achievement and intervene as a result. Includes a focus on under-performing groups including the key group of White British students.
5. Bacon's as a rewarding place to work and study – including the continuing development of the Bacon's ethos and values

AUDITOR

In so far as the trustees are aware:

- ◆ there is no relevant audit information of which the College's auditor is unaware; and
- ◆ the trustees 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.

Signed on behalf of the board of trustees:



C Powell
Company Secretary

Approved by the board on: 08/12/2016

Scope of responsibility

The trustees and the governing body acknowledge that they have overall responsibility for ensuring that Bacon's College 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 trustees and governing body have delegated the day-to-day responsibility to the Principal, 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 the College and the Secretary of State for Education. The Principal is also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

Governance

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

Trustee	Number of meetings attended	Out of a possible number
Mrs Caroline Donne (Chair)	3	3
Lord Harris of Peckham	—	3
Sir Simon Hughes	1	3
Mr Philip John Saunders	2	3
Mr Joshua Rey	1	1
Mrs Sandra Routledge	3	3

The governing body also formally met three times during the year. Attendance during the year at meetings of the governing body was as follows:

Governor	Number of meetings attended	Out of a possible number
Eugene O'Keeffe (Chair)	3	3
Debra Clinton	—	3
Darren Coughlan	3	3
Caroline Donne	3	3
Juliette Marshall	2	3
Jane Marwood	1	3
Pamela Noble	1	1
Neil Spence	2	3
Karl Williams	1	3
Charlotte Kearns	1	3
Sandra Routledge	2	3

Governance (continued)

The Finance and General Purposes Committee is a sub-committee of the main governing body. Its purpose is to provide advice, support and guidance on all matters relating to College finances and general purposes including health and safety; monitor the use of all public funds and report to the governing body on a termly basis; consider budget plans presented by the Principal and the Director of Finance and monitor budgeted income and expenditure during the year; and consider the audit report and make recommendations to the governing body.

During the year, members of the Finance and General Purposes Committee considered the College's budget at a time of austerity and oversaw the College's continuing development to ensure expenditure was in line with overall budgets and that value for money is achieved.

Attendance at the Finance and General Purposes Committee meetings in the year was as follows:

Membership	Number of meetings attended	Out of a possible number
Chris Mallaband	3	3
Debra Clinton	2	3
Pamela Noble	1	1
Neil Spence	3	3
Eugene O'Keeffe	2	3

Review of value for money

As Accounting Officer, the Principal has responsibility for ensuring that the College delivers good value in the use of public resources. The Principal understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Principal considers how the College's use of its resources has provided good value for money during the academic year, and reports to the board of trustees where value for money can be improved, including the use on benchmarking data where available. The Principal for the College has delivered and improved value for money during the year by:

Raising standards

Bacon's College is a good school as evidenced by previous inspections that have taken place over the last few academic years. Future plans for the College include strategies to identify under-achievement and intervene as a result. There is a focus on under-performing groups including the key group of White British students.

Financial oversight and governance

The College has a long history of excellent financial management. Regular meetings take place between the Director of Finance (previously the Director of Finance & Human Resources) and the Principal and also a weekly meeting takes place between these two colleagues and the Deputy Headteachers – this meeting in particular allows the early identification of any significant financial risk – often associated with staffing.

Review of value for money (continued)

Financial oversight and governance (continued)

The Finance and General Purposes Committee receives regular reports on the budget that was approved by trustees for the academic year and adherence to it. After the mid-point in the year, a re-budgeting exercise is conducted to allow all stakeholders to understand whether the College is on track to keep within the planned expenditure.

The most significant proportion of funding received is spent on staffing and the Personnel Committee has oversight of this key area.

Reviewing controls

The Principal receives monthly reports from the Director of Finance showing spend against plan and allowing variance from plan to be interrogated. Any significant variance is discussed and presented to the SLT and the governing body as and when necessary.

The trustees and governors have a reserves strategy that aims to keep a reasonable “safety net” in place for risks that are less predictable.

The Director of Finance keeps an updated risk register that is reviewed on a quarterly basis with the Principal.

All financial controls are subject to regular review through the Responsible Officer (RO) work programme delegated to the external auditors.

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 the College's 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 continued in place at the College for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The trustees and the governing body have reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The trustees and the governing body are of the view that there is an ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of trustees and the governing body.

The risk and control framework

The College'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 trustees and the governing body;
- ◆ regular reviews by the Finance and General Purposes 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 trustees and the governing body have considered the need for a specific internal audit function. This was carried out by Buzzacott. The RO's role includes giving advice on financial matters and performing a range of checks on the College's financial systems. On a termly basis, the RO will report to the governors on the operation of the systems of control and on the discharge of the trustees' and the governing body's financial responsibilities. As permitted by the Academies Financial Handbook, this task has been delegated to the external auditor. On a periodic basis, the external auditor reports to the RO on the operations of the system of control and on the discharge of the RO's financial responsibilities.

Governance reviews

The trustees' have delegated some of their responsibilities to the governing body. During the year, a skills audit was carried out to evaluate the various skills within the governing body and its likely impact on the College's governance. The following areas were considered:

- ◆ Ensuring clarity of the vision, ethos and strategic direction of the College.
- ◆ Holding the Principal to account for College performance.
- ◆ Overseeing financial performance.

The key findings were as follows:

- ◆ Everyone was a team player.
- ◆ Generic skills weighted towards "extensive".
- ◆ Specialist skills were evenly spread amongst the governing body.
- ◆ There was a distinction between the College and the community.

The risk and control framework (continued)

Governance reviews (continued)

The College intends to conduct a similar evaluation in the coming year to ensure consistency. Two new governors and a trustee have been appointed following the skills audit carried out in 2014/15. The governing Body now has a more even spread of specialist skills.

Review of effectiveness

As Accounting Officer, the Principal 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 RO;
- ♦ the work of the external auditor;
- ♦ the financial management and governance self assessment process;
- ♦ the work of the Director of Finance within the College who has 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 General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by trustees and governors and signed on their behalf by:



Caroline Donne
(Chair of Trustees)



C Mallaband
(Principal and Accounting Officer)

Approved on:

8th December 2016

Statement on regularity, propriety and compliance 31 August 2016

As Accounting Officer of Bacon's College, I have considered my responsibility to notify the College's trustees, governing body and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the College and the Secretary of State for Education. As part of my consideration, I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the College's trustees and the governing body are able to identify any material irregular or improper use of funds by the College, or material non-compliance with the terms and conditions of funding under the College's funding agreement and the Academies Financial Handbook 2015.

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



Chris Mallaband

Principal and Accounting Officer

Date: 08/12/2016 .

Statement of trustees' responsibilities 31 August 2016

The trustees (who act as directors of the College for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the Annual Accounts Requirements issued by the 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 College and of its income 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 in the Charities' SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards (FRS 102) 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 College will continue in operation.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the College's transactions and disclose with reasonable accuracy at any time the financial position of the College 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 College 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 College 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 have been applied for the purposes intended.

The trustees are responsible for the maintenance and integrity of the College and financial information included on the College'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:



Caroline Donne
(Chair of Trustees)

Date: 8th December 2016

Independent auditor's report on the financial statements to the members of Bacon's College

We have audited the financial statements of Bacon's College for the year ended 31 August 2016 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies 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 Annual Accounts Direction 2015/16 issued by the EFA.

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

Respective responsibilities of the trustees and the auditor

The trustees of Bacon's College are also the directors of the charitable company for the purpose of company law.

As explained more fully in the statement of trustees' responsibilities set out in the trustees' report, the trustees 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 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 and to identify any information that is materially incorrect based on or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent auditor's report 31 August 2016

Opinion

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 2016 and of its income and application of resources, including its income and expenditure, for the year then ended;
- ◆ the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ the financial statements have been prepared in accordance with the Companies Act 2006; and
- ◆ the financial statements the financial statements have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2015 to 2016.

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.

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
- ◆ the financial statements are not in agreement with the accounting records; 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.



Shachi Blakemore, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

12 December 2016

Independent reporting accountant's assurance report on regularity to Bacon's College and the Education Funding Agency (EFA)

In accordance with the terms of our engagement letter dated 29 September 2016 and further to the requirements of the EFA as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Bacon's College during the period from 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Bacon's College's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Bacon's College's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by 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.

Independent reporting accountant's report on regularity 31 August 2016

Approach (continued)

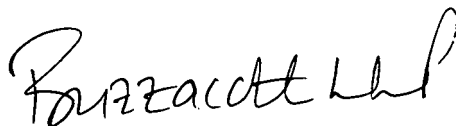
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the College's income and expenditure.

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the College's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

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 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

12 December 2016

Statement of financial activities Year to 31 August 2016

	Notes	Unrestricted general funds £	Restricted general funds £	Restricted fixed assets fund £	Total 2016 £	Total 2015 £
Income from:						
Donations and capital grants	2	60,359	—	165,684	226,043	177,965
Charitable activities						
· Funding for the College's educational operations	3	—	8,989,085	—	8,989,085	9,004,020
Other trading activities	4	17,441	21,895	—	39,336	63,930
Investment income	5	15,838	—	—	15,838	14,166
Total income		93,638	9,010,980	165,684	9,270,302	9,260,081
Expenditure on:						
Charitable activities						
· College's educational operations	7	—	9,166,704	830,481	9,997,185	10,119,783
Total expenditure	6	—	9,166,704	830,481	9,997,185	10,119,783
Net income (expenditure)		93,638	(155,724)	(664,797)	(726,883)	(859,702)
Transfers between funds	17	(185,022)	(111,637)	296,659	—	—
Net deficit before other recognised gains and losses		(91,384)	(267,361)	(368,138)	(726,883)	(859,702)
Other recognised gains and losses						
Actuarial (loss) gain on defined benefit pension scheme	21	—	(1,196,000)	—	(1,196,000)	189,000
Net movement in funds		(91,384)	(1,463,361)	(368,138)	(1,922,883)	(670,702)
Balances brought forward at 1 September		656,619	196,963	16,299,813	17,153,395	17,824,097
Balances carried forward at 31 August		565,235	(1,266,398)	15,931,675	15,230,512	17,153,395

All of the College activities derive from continuing operations during the above two financial periods.

Balance sheet 31 August 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible fixed assets	12	15,809,756		16,299,813	
Investments	13	3		3	
		<u>15,809,759</u>		<u>16,299,816</u>	
Current assets					
Debtors	14	422,229		351,168	
Short term deposits		—		501,289	
Cash at bank and in hand		1,718,072		1,049,910	
		<u>2,140,301</u>		<u>1,902,367</u>	
Liabilities					
Creditors: amounts falling due within one year	15	(1,020,181)		(743,788)	
Net current assets			<u>1,120,120</u>		<u>1,158,579</u>
Total assets less current liabilities			<u>16,929,879</u>		<u>17,458,395</u>
Creditors: amounts falling due after more than one year	16	(118,367)		—	
Net assets excluding pension scheme liability			<u>16,811,512</u>		<u>17,458,395</u>
Pension scheme liability	21	(1,581,000)		(305,000)	
Total net assets			<u>15,230,512</u>		<u>17,153,395</u>
Restricted funds					
Fixed assets fund	17	15,931,675		16,299,813	
Restricted income fund	17	314,602		501,963	
Pension reserve	17	(1,581,000)		(305,000)	
Total restricted funds			<u>14,665,277</u>		<u>16,496,776</u>
Unrestricted income funds					
General fund	17	565,235		656,619	
Total funds			<u>15,230,512</u>		<u>17,153,395</u>

The financial statements on pages 28 to 51 were approved by the trustees and are signed on their behalf by:



Caroline Donne
(Chair of Trustees)

Approved by the Board on: 8th December 2016

Company Registration Number: 02490773 (England and Wales)

Statement of cash flows Year to 31 August 2016

		2016 £	2015 £
Net cash inflow from operating activities			
Net cash provided by operating activities	A	199,517	16,570
Cash flows from investing activities	B	(158,902)	(199,775)
Cash inflow from financing activities	C	126,258	—
Change in cash and cash equivalents in the year		166,873	(183,205)
Reconciliation of net cash flow to movement in net funds:			
Cash and cash equivalents at 1 September		1,551,199	1,734,404
Cash and cash equivalents at 31 August	D	1,718,072	1,551,199

A Reconciliation of net expenditure to net cash flow from operating activities

	2016 £	2015 £
Net expenditure for the year (as per the statement of financial activities)	(726,883)	(859,702)
Adjusted for:		
Depreciation charges (note 12)	830,481	829,950
Capital grants from DfE and other capital income	(165,684)	(22,866)
Interest receivable (note 5)	(15,838)	(14,166)
Defined benefit pension scheme cost less contributions payable (note 21)	72,000	99,000
Defined benefit pension scheme finance cost (note 21)	8,000	10,000
Increase in debtors	(71,061)	(42,413)
Increase in creditors	268,502	16,767
Net cash provided by operating activities	199,517	16,570

B Cash flows from investing activities

	2016 £	2015 £
Interest from investments and loans receivable	15,838	14,166
Purchase of tangible fixed assets	(340,424)	(236,807)
Capital grants from DfE/EFA	165,684	22,866
Net cash used in investing activities	(158,902)	(199,775)

Statement of cash flows Year to 31 August 2016

C Cash flows from financing activities

	2016 £	2015 £
Salix loan	126,258	—
Net cash provided by financing activities	126,258	—

D Analysis of cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	1,718,072	1,049,910
Short term deposits (less than three months)	—	501,289
Total cash and cash equivalents	1,718,072	1,551,199

Principal accounting policies Year to 31 August 2016

Statement of accounting policies

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

Basis of preparation

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

Bacon's College meets the definition of a public benefit entity under FRS 102.

Transition to FRS 102

First time adoption of FRS 102

These financial statements are the first financial statements of Bacon's College prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Bacon's College for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Explanation of transition to FRS 102

It is the first year that the College has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Principal accounting policies Year to 31 August 2016

Transition to FRS 102 (continued)

Explanation of transition to FRS 102 (continued)

Comparative figures have been restated to reflect the adjustments made, except to the extent that the trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net expenditure for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

Reconciliation of net expenditure	2015 £
Net expenditure previously reported under UK GAAP	(779,702)
Change in recognition of LGPS interest cost (A)	(80,000)
Net movement in funds reported under FRS 102	(859,702)

A – Change in recognition of LGPS interest cost

Under previous UK GAAP, the College recognised an expected return on defined benefit plan assets in income. Under FRS 102 a net interest expense, based on the net defined benefit liability, is instead recognised in expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £80,000 and increase the credit in other recognised gains and losses in the statement of financial activities by an equivalent amount.

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 company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the College has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the College's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

Grants

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

Donations

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

Other income

Other income is recognised in the period it is receivable and to the extent the College has provided the goods or services.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Principal accounting policies Year to 31 August 2016

Expenditure (continued)

Charitable activities

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

All expenditure are stated net of recoverable VAT.

Tangible fixed assets

Tangible fixed assets acquired since the College was established are included in the financial statements at cost.

Where tangible fixed assets have been acquired with the aid of specific grants, either from 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 assets fund (in the statement of financial activities and carried forward in the balance sheet). The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Leasehold costs relate to classrooms built by Bacon's College Community Services Ltd as part of the Mellish Fields facilities. These are depreciated over the life of the lease.

Computer equipment and IT software (with the exception of iMac computers) are written off in the year of acquisition. Equipment, other than computer equipment and IT software, costing less than £500 per individual item or groups of related items is written off in the year of acquisition. All other equipment is capitalised.

Assets under construction include direct costs incurred to date on building work that is in progress at the year end. This includes professional costs. These costs are not depreciated until the asset is brought into use.

Tangible fixed assets are written off over their estimated useful lives on the following basis:

◆ Leasehold costs	2% straight line
◆ Freehold land	Nil
◆ Buildings	2% straight line
◆ Furniture and equipment	25% straight line
◆ Motor vehicles	25% straight line
◆ Computer equipment	25% straight line

A full year of depreciation is charged in the year of acquisition.

Principal accounting policies Year to 31 August 2016

Investments

The College's shareholding in the wholly owned trading subsidiary Bacon's College Educational and Community Services ("BCECS Ltd") is included in the balance sheet at the cost of the share capital owned. Consolidated financial statements are not prepared on the basis that the results of the trading company are not deemed material.

Liabilities

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

Leased assets

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

Taxation

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

Pensions benefits

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

Principal accounting policies Year to 31 August 2016

Pensions benefits (continued)

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Fund accounting

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

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The net book value of tangible fixed assets is based on the original cost/value of the asset net of provision for depreciation. The depreciation provision to date is based on the trustees' assessment of the estimated useful economic lives of such assets.

Critical accounting estimates and areas of judgement (continued)

Critical accounting estimates and assumptions (continued)

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

Other than the estimates discussed above, the trustees do not consider that there are any key judgements made in the preparation of the financial statements.

1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the College was subject to limits at 31 August 2016 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 College has not exceeded these limits during the year ended 31 August 2016.

2 Donations and capital grants

	Unrestricted funds £	Restricted fixed assets funds £	Total 2016 £	Total 2015 £
Capital grants	—	165,684	165,684	22,866
Other donations	60,359	—	60,359	155,099
	60,359	165,684	226,043	177,965

3 Funding for the College's educational operations

	Unrestricted funds £	Restricted general funds £	Total 2016 £	Total 2015 £
DfE/EFA grants				
. General Annual Grant (GAG)	—	8,287,395	8,287,395	8,242,612
. Other DfE/EFA grants	—	527,019	527,019	646,247
	—	8,814,414	8,814,414	8,888,859
Other Government grants				
. Local authority grants	—	125,434	125,434	115,161
. Special educational projects	—	49,237	49,237	—
	—	174,671	174,671	115,161
	—	8,989,085	8,989,085	9,004,020

4 Other trading activities

	Unrestricted funds £	Restricted general funds £	Total 2016 £	Total 2015 £
Trips income	—	11,709	11,709	—
Miscellaneous income	17,441	10,186	27,627	63,930
	17,441	21,895	39,336	63,930

5 Investment income

	Unrestricted funds	
	Total 2016 £	Total 2015 £
Interest receivable	6,024	4,352
Loan interest	9,814	9,814
	15,838	14,166

6 Expenditure

	Staff costs (note 9) £	Premises £	Other £	Total 2016 £	Total 2015 £
College's educational operations					
. Direct costs	6,326,589	827,386	1,140,695	8,294,670	8,393,886
. Support costs	832,413	211,263	658,839	1,702,515	1,725,897
	7,159,002	1,038,649	1,799,534	9,997,185	10,119,783
				£	£
Net expenditure for the year includes:					
Operating lease rentals				36,586	33,036
Depreciation (note 12)				830,481	829,950
Fees payable to auditor for					
. Audit				13,350	13,315
. Other services				8,450	7,373

7 Charitable activities - College's educational operations

	Total 2016 £	Total 2015 £
Direct costs	8,294,670	8,393,886
Support costs	1,702,515	1,725,897
	9,997,185	10,119,783

	Total 2016 £	Total 2015 £
Analysis of support costs		
Support staff costs **	832,413	1,003,351
Depreciation	141,182	141,093
Technology costs	85,142	28,201
Premises costs	129,333	135,437
Other support costs	484,555	391,220
Governance costs	29,890	26,595
Total support costs	1,702,515	1,725,897

** Support staff costs includes £72,000 (2015: £99,000) in relation to the pension liability.

The method used for the apportionment of support costs is disclosed within the accounting policies.

8 Comparative information

	Unrestricted general funds £	Restricted general funds £	Restricted fixed assets fund £	Total 2015 £
Income from:				
Donations and capital grants	128,452	49,513	—	177,965
Charitable activities				
· Funding for College's educational operations	—	9,004,020	—	9,004,020
Other trading activities	2,284	61,646	—	63,930
Investments	14,166	—	—	14,166
Total income	144,902	9,115,179	—	9,260,081
Expenditure on:				
Charitable activities				
· College's educational operations	—	9,289,833	829,950	10,119,783
Total expenditure	—	9,289,833	829,950	10,119,783
Net income (expenditure)	144,902	(174,654)	(829,950)	(859,702)
Transfers between funds	—	(236,807)	236,807	—
Other recognised gains and losses				
Actuarial gain on defined benefit pension scheme	—	189,000	—	189,000
Net movement in funds	144,902	(222,461)	(593,143)	(670,702)

9 Staff

a) Staff costs

	Total 2016 £	Total 2015 £
Wages and salaries	5,619,237	5,594,778
Social security costs	524,269	482,228
Pension costs	842,048	786,397
	6,985,554	6,863,403
Supply staff costs	167,448	408,513
Staff restructuring costs	6,000	—
	7,159,002	7,271,916
	Total 2016 £	Total 2015 £
Staff restructuring costs comprise:		
Severance payments	6,000	—
	6,000	—

The above ex-gratia payment related to one employee.

9 Staff (continued)

b) Staff numbers

The number of persons (including the senior management team) employed by the charitable company during the year ended 31 August 2016 was as follows:

	2016	2015
Teachers	83	81
Hourly paid	6	7
Administration and support	72	92
Management	10	10
	171	190

Full time equivalents during the year was 144.4 (2015 – 162)

c) Higher paid staff

11 employees (2015 - 11) earned more than £60,000 per annum excluding employers' pension contributions (but including taxable benefits) during the year. The total emoluments of these employees were in the following ranges:

	2016	2015
£60,001 - £70,000	7	6
£70,001 - £80,000	—	2
£80,001 - £90,000	3	2
£120,001 - £130,000	1	—
£160,001 - £170,000	—	1

10 (2015 – 10) of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2016, pension contributions for these staff amounted to £124,704 (2015 - £112,672). The other employee participated in the Local Government Pension Scheme, pension contributions amounted to £11,440 (2015 - £11,199).

d) Key management personnel

The key management personnel of the College comprise the trustees, the governors and the Senior Management Team as listed on page 1. The trustees and governors are not remunerated for their role as trustees and governors. The employee benefits paid to key management personnel relate solely to the Senior Management Team. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the College was £896,556 (2015: £911,656).

10 Trustees' and governors' emoluments and expenses

During the year ended 31 August 2016, travel and subsistence expenses totalling £187 (2015 - £4,532) were reimbursed to one trustee (2015 – one).

Other related party transactions involving the trustees are set out in note 22.

11 Trustees', governors' and officers' insurance

The College has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees, governors' and officers from claims arising from negligent acts, errors or omissions occurring whilst on College business, and, provides cover up to £10,000,000. It is not possible to quantify the trustees', governors' and officers' indemnity element from the overall cost of the RPA scheme.

12 Tangible fixed assets

	Freehold land and buildings £	Leasehold land and buildings £	Furniture and equipment £	Motor vehicles £	Total £
Cost					
At 1 September 2015	24,311,956	1,000,000	3,008,595	59,996	28,380,547
Additions	88,843	—	251,581	—	340,424
Disposals	—	—	(178,940)	(24,146)	(203,086)
At 31 August 2016	24,400,799	1,000,000	3,081,236	35,850	28,517,885
Depreciation					
At 1 September 2015	9,334,887	140,000	2,545,851	59,996	12,080,734
Charge for year	461,937	20,000	348,544	—	830,481
Disposals	—	—	(178,940)	(24,146)	(203,086)
At 31 August 2016	9,796,824	160,000	2,715,455	35,850	12,708,129
Net book values					
At 31 August 2016	14,603,975	840,000	365,781	—	15,809,756
At 31 August 2015	14,977,069	860,000	462,744	—	16,299,813

13 Investments

	2016 £	2015 £
Investment in wholly owned subsidiary company at cost	3	3

The College owns 100% of the issued ordinary shares of Bacon's College Educational & Community Services Limited ("BCECS Ltd"), a company incorporated in England & Wales (registration no. 02813215). The principal business activity of BCECS Ltd is the letting of educational, leisure and social facilities to the public.

13 Investments (continued)

A summary of the results for the year and the balance sheet position at the year end 31 August of BCECS Ltd is shown below:

	2016 £	2015 £
Statement of income and retained earnings		
Turnover	585,888	503,913
Expenditure	(526,583)	(439,769)
Interest receivable	705	539
Profit on ordinary activities before Gift Aid	60,010	64,683
Gift Aid to Bacon's College	(59,123)	(64,676)
Profit on ordinary activities after Gift Aid	887	7
Retained earnings brought forward at 1 September	15,178	15,171
Retained earnings carried forward at 31 August	16,065	15,178
Balance sheet		
Net current assets	130,895	253,810
Creditors: amounts falling due after one year	(114,827)	(238,629)
Net assets	16,068	15,181
Called up share capital	3	3
Profit and loss account	16,065	15,178
Shareholder's funds	16,068	15,181

14 Debtors

	2016 £	2015 £
Amounts due from BCECS Ltd	96,401	88,756
Amount due from BCCS Ltd	4,203	986
VAT recoverable	107,669	60,816
Other debtors	10,956	14,378
Prepayments and accrued income	203,000	186,232
	422,229	351,168

15 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	539,526	352,022
Taxation and social security	153,574	139,212
Loans (note 16)	7,891	—
Other creditors	291,286	216,551
Amounts due to BCCS Ltd	5,604	—
Accruals and deferred income	22,300	36,003
	1,020,181	743,788

16 Creditors: amounts falling due in greater than one year

	2016 £	2015 £
Loans	118,367	—
Analysis of loans		
Wholly repayable within eight years	126,258	—
Less: included in current liabilities (note 15)	(7,891)	—
Amounts included above	118,367	—
Loan maturity		
Debt due in one year or less	7,891	—
In more than one year but not more than five years	63,128	—
In more than five years	55,239	—
	126,258	—

The above Salix loan of £126,258 is interest free and repayable over 8 years by 6 monthly instalments of £7,891 commencing on 1 March 2017.

17 Funds

	Balance at 1 September 2015 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2016 £
Restricted general funds					
. General Annual Grant (GAG)	53,677	8,287,395	(8,294,372)	(46,700)	—
. Pupil Premium	27,724	527,019	(540,922)	—	13,821
. Other grants	79,361	—	(8,273)	—	71,088
. Pension reserve	(305,000)	—	(80,000)	(1,196,000)	(1,581,000)
	(144,238)	8,814,414	(8,923,567)	(1,242,700)	(1,496,091)
Restricted fixed asset funds					
. Depreciation	(12,080,734)	—	(830,481)	—	(12,911,215)
. DfE/EFA capital grants	14,211,164	165,684	—	—	14,376,848
. Capital expenditure from GAG	9,252,591	—	—	231,722	9,484,313
. Private sector capital sponsorship	4,916,792	—	—	64,937	4,981,729
	16,299,813	165,684	(830,481)	296,659	15,931,675
Other restricted funds					
. Local authority grants	—	125,434	(125,434)	—	—
. LPESSN	84,590	—	—	—	84,590
. Other restricted funds	256,611	71,132	(117,703)	(64,937)	145,103
	341,201	196,566	(243,137)	(64,937)	229,693
Total restricted funds	16,496,776	9,176,664	(9,997,185)	(1,010,978)	14,665,277
Unrestricted funds					
. General funds	656,619	93,638	—	(185,022)	565,235
Total unrestricted funds	656,619	93,638	—	(185,022)	565,235
Total funds	17,153,395	9,270,302	(9,997,185)	(1,196,000)	15,230,512

17 Funds (continued)

General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the College was subject to a limit on the amount of GAG that it could carry forward at 31 August 2016 (see note 1).

During the year ended 31 August 2016, £231,722 (2015 - £86,765) of GAG monies was used by the College for the purchase of fixed assets.

Other Government grants

These relate to other specific Government grants received by the College including Pupil Premium and Standards fund.

Pension reserve

The pension reserve balance is in relation to the FRS 102 liability in respect of the non-teaching staff with the London Borough of Southwark defined benefit pension scheme.

Fixed assets fund

This represents fixed assets funded by Government grants and other sponsors.

It represents the net book value of tangible fixed assets as well as unspent capital grants at 31 August 2016. Unspent capital grant balance at 31 August 2016 was £121,919.

London PE Schools Sport Network (LPESSN)

Funds are generated through the LPESSN for the provision of competitive sports delivered to local primary schools. Funds are also received from the London Borough of Southwark Council to provide access to sporting activities for students with special educational needs.

Other restricted funds

This includes funds received specifically for smaller projects.

18 Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted general Funds £	Restricted general Funds £	Restricted fixed assets fund £	2016 £
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	—	—	15,809,756	15,809,756
Investments	3	—	—	3
Current assets	565,232	1,453,150	121,919	2,140,301
Current liabilities	—	(1,020,181)	—	(1,020,181)
Non-current liabilities	—	(118,367)	—	(118,367)
Pension reserve	—	(1,581,000)	—	(1,581,000)
Total net assets	565,235	(1,266,398)	15,931,675	15,230,512

19 Capital commitments

	2016 £	2015 £
Contracted for, but not provided in the financial statements	271,000	79,500

20 Commitments under operating leases

Operating leases

At 31 August 2016, the total of the College's future minimum lease payments under non-cancellable operating leases was as follows:

	2016 £	2015 £
Amounts due within one year	36,190	36,586
Amounts due between two and five years inclusive	79,419	113,849
Amounts due after five years	—	1,760
	115,609	152,195

21 Pension and similar obligations

The College's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the London Borough of Southwark. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £106,870 were payable to the schemes at 31 August 2016 (2015: £100,504) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

21 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme

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

- ◆ 'employer contribution rates set at 16.48% of pensionable pay from 1 September 2015 (including a 0.08% employer administration charge) (previously 14.1%)'
- ◆ total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- ◆ an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- ◆ the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £610,177 (2015: £549,922).

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

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

21 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £241,143, of which employer's contributions totalled £159,871 and employees' contributions totalled £81,272. The agreed contribution rates are 13.7% for employers and between 5.5% and 12.5% for employees. These rates are unchanged from year ended 31 August 2015.

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.

	At 31 August 2016	At 31 August 2015
Principal actuarial assumptions		
Rate of increase in salaries	3.40%	3.50%
Rate of increase for pensions in payment / inflation	1.90%	2.00%
Discount rate for scheme liabilities	2.00%	3.80%
Inflation assumption (CPI)	1.90%	2.00%
Commutation of pensions to lump sums	50%	50%

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

	At 31 August 2016	At 31 August 2015
<i>Retiring today</i>		
Males	21.9	21.9
Females	26.5	26.4
<i>Retiring in 20 years</i>		
Males	24.1	24.0
Females	28.8	28.7

21 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	2,263,000	2,075,000
Bonds	779,000	672,000
Property	680,000	486,000
Cash	54,000	29,000
Other	369,000	—
Total market value of assets	4,145,000	3,262,000
Present value of scheme liabilities		
Funded	(5,726,000)	(3,567,000)
Deficit in the scheme	(1,581,000)	(305,000)

The actual return on scheme assets was £635,000 (2015: £151,000).

	2016 £	2015 £
Amounts recognised in statement of financial activities		
Current service costs	251,000	313,000
Net interest cost	8,000	10,000
Total operating charge	259,000	323,000
Analysis of pension finance (costs)		
Expected return on pension scheme assets	129,000	110,000
Interest on pension liabilities	(137,000)	(120,000)
Pension finance costs	(8,000)	(10,000)

Changes in the present value of defined benefit obligations were as follows:	2016 £	2015 £
At 1 September	3,567,000	3,201,000
Current service cost	251,000	313,000
Interest cost	137,000	120,000
Employee contributions	87,000	101,000
Actuarial loss (gain)	1,702,000	(148,000)
Benefits paid	(18,000)	(20,000)
At 31 August	5,726,000	3,567,000

21 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Changes in the fair value of the Academy's share of scheme assets:	2016 £	2015 £
At 1 September	3,262,000	2,816,000
Interest income	129,000	110,000
Actuarial gain	506,000	41,000
Employer contributions	179,000	214,000
Employee contributions	87,000	101,000
Benefits paid	(18,000)	(20,000)
At 31 August	4,145,000	3,262,000

22 Related party transactions

During the year ended 31 August 2005, the College set up a separate legal entity, Bacon's College Community Services Limited (BCCS Ltd) to develop and provide recreational facilities on the Mellish Fields site which adjoins the College. BCCS Ltd was incorporated as a company limited by guarantee on 24 December 2004 (company registration number 05321174) and registered as a charity on 2 September 2005 (charity registration number 1111158). The principal and two governors of the College served as directors of BCCS Ltd during the year ended 31 August 2015. Bacon's College does not however control BCCS Ltd. Therefore, the College has not consolidated BCCS Ltd within these financial statements. At 31 August 2009, the College was owed £674,984 by BCCS Ltd. However, this amount was fully provided for as the College deemed it unlikely to be recoverable in the foreseeable future. Interest of £9,814 was charged by the College to BCCS Ltd in the year ended 31 August 2016 (2015 - £9,814) and a repayment of £20,000 (2015 - £20,000) was made by BCCS Ltd in relation to this balance. The interest has also been provided against as it is also not deemed to be recoverable. At 31 August 2016, BCCS Ltd owed the College £4,203 (2015 - £986) and the College owed BCCS Ltd £5,604 (2015 - £nil).

BCECS Ltd, the College's wholly owned trading company (see note 13), charged a management fee of £45,198 (2015 - £39,896) for the running of BCCS Ltd during the year. BCCS Ltd charged Bacon's College £45,198 (2015 - £39,896) for the use of facilities by the College pupils during the year.

23 Members' liability

Every member of the charitable company undertakes to contribute to the assets of the charitable 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.