

REGISTRAR OF COMPANIES

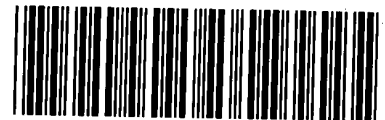
Bacon's College

Annual report and financial statements

31 August 2017

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

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Reference and administrative information

Trustees and members

Mrs Caroline Donne
Lord Harris of Peckham
Mr Simon Hughes
Mr Philip John Saunders
Mrs Sandra Routledge
Mr Joshua Rey

Governors

Mr Eugene O'Keeffe (Chairman)
Mrs Debra Clinton (Parent Governor) (Resigned 31 January 2017)
Mr Darren Coghlan
Mrs Caroline Donne
Dr Charlotte Kearns (Teacher Governor)
Mrs Juliette Marshall (Support Staff Governor)
Mrs Jane Marwood
Mrs Sandra Routledge
Mr Neil Spence
Mrs Caroline Sumnall (Appointed 19 October 2016, resigned 19 June 2017)
Mr Karl Williams

Company Secretary

Mr Colin Powell

Senior Leadership Team

Principal	Mr Chris Mallaband (Until 30 September 2017)
Acting Principal	Ms Fiona Morris (From 1 October 2017)
Vice Principal (Teaching Learning & Curriculum)	Ms Fiona Morris (18 April 2017 until 30 September 2017)
Vice Principal (Inclusion & Behaviour)	Ms Norma Gould (From 18 April 2017)
Director of Finance	Mrs Kofo Ladele
Assistant Principal (College Ethos & Stakeholder Engagement)	Ms Fiona Foreman
Assistant Principal (Head of Sixth Form)	Mr Chris Hall
Assistant Principal (Assessment, Data & Tracking)	Ms Angela Tamufor (From 1 September 2017)
Vice Principal Head of School	Mr Martin Winter (Until 31 August 2017)
Vice Principal Academic Standards	Mr David Burgess (Until 30 April 2017)
Assistant Head teacher – Student Support Services	Ms Norma Gould (Until 17 April 2017)
Assistant Head teacher – Teaching & Learning	Ms Heidi Squire (Until 30 April 2017)
Assistant Head teacher – Work Related Learning KS3	Ms Julia Day (Until 17 April 2017)
Assistant Head KS4	Ms Charlotte Bateson (Until 30 April 2017)

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

Trustees' report 31 August 2017

The trustees present their report together with the audited financial statements for the year ended 31 August 2017. 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 37 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).

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)	
Lord Harris of Peckham	
Mr Simon Hughes	
Mr Philip John Saunders	
Mrs Sandra Routledge	
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, ensures 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 are introduced at the beginning of the relevant academic year as are 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)

A restructure of the SLT took place during the year, streamlining from ten to seven staff. The SLT structure now comprises: the Principal, two Vice Principals (one with responsibility for Teaching, Learning and Curriculum and the other for Inclusion and behaviour), the Director of Finance, three Assistant Principals with specific responsibility for College ethos and stakeholder engagement, Sixth form and assessment, data and tracking.

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;

- ◆ 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.
- ◆ Not maintaining a 'Good' rating in the Ofsted Inspection as the College will not be able to position itself in a competitive market. The College has been placed in special measures following the Ofsted Inspection in February 2017. As mentioned under 'plans for the future' the trustees and governors have recommended to the Regional School's Commissioner (RSC), and the recommendation has been accepted by the RSC, that the College should join United Learning Multi Academy Trust (UL). In anticipation of the

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk management (continued)

College joining UL, staff are working with partners from UL to review staffing structures, processes, policies and curriculum delivery, focussing 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.

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 2017. 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 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.

OBJECTIVES AND ACTIVITIES (continued)

Objects and activities (continued)

In working towards the College's mission emphasis will be given to:

- ◆ Promoting the values appropriate to the Christian ethos of the College;
- ◆ Providing a broad balance, coherent, relevant and innovative curriculum which will meet the requirements of the National Curriculum, research and development programme, encouraging all students regardless of age, to continue their learning;
- ◆ Ensuring that the College has sufficient resources to enable it to achieve its objectives;
- ◆ Recruiting, retaining and developing a well-qualified staff committed to working in Bacon's College;
- ◆ Involving all those with a stake in the College in its management and;
- ◆ Developing close and mutually beneficial partnerships within the community.

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 2016-17 cohort outcomes

Prior Ability

- ◆ The prior ability of the year 11 cohort was 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 2016-17	Prior Attainment	5ACEM 9-4	Basics 9-5	Basics 9-4	APS Capped 8	Attainment 8	EBACC	APS English	APS Maths
Actual Results (Unverified)	0.9 sig+	60.7	41.7	66.3	317.4	46.86	25.2	4.75	4.78
M5 Predictions	0.9 sig+	60.1	30.1	62	307.9	43.39	23.3	4.02	4.57
National Average 2016		62	-	62	-	49.5	24	5.4	5.1
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. Up 5.3% on the previous year and also above the National average for 2016.
- ◆ Attainment 8: Down by 2.64% on previous year. Attainment 8 was below the national average for this cohort and the previous year's results.
- ◆ Ebacc: 25.2% of students achieved the Ebacc which is an increase of 1.2% from the previous year.

Year 11 in 2016 -17	Progress 8	3LOP English	4LOP English	3LOP Maths	4LOP Maths	Value Added Best 8
Actual Results (Unverified)	-0.23	61.1	35.2	41.4	29	962.422
M5 Predictions	-0.57	28.4	5.6	37.7	22.8	946.223
National Average 2016		-	-	-	-	-
2015 RAISE	0.16	76	40	71	35	1003.9
2014 RAISE	0.01	67.3	29.6	71	28	994.2

ACHIEVEMENTS AND PERFORMANCE (continued)

Progress

- ◆ Progress 8: Progress is a negative score. There were a number of subjects that had negative residuals and the focus this year will be improving the grades in those areas.

Sub group attainment

- ◆ In terms of proportion of the cohort, disadvantaged students and non-WBRI are the largest groups. 59% are disadvantaged students. In comparison to national averages, the College has a very high proportion of disadvantaged, ethnic minority and SEN Support students.

Disadvantaged students

- ◆ The disadvantaged cohort made up 59% of the Year 11 cohort and are slightly less able than the non-disadvantaged cohort based on prior attainment.
- ◆ The gap between PP and all students is larger than the national gaps.

WBRI

- ◆ The White British cohort made up 21% of the cohort. However they still performed below their Black African counterparts who made up 20% of the cohort.
- ◆ There was a marked reduction in the performance in terms of progress and attainment of the WBRI cohort when compared to the previous year and there is still a marked difference in the within school gap between WBRI and non-WBRI students.
- ◆ The white British performance was very poor in terms of Progress 8 – they had a score of -1.9, which is significantly below the school total progress 8 figure of -0.23.

Gender

- ◆ The percentage split in the cohort between girls and boys is 51/49%.
- ◆ Girls outperformed boys in terms of Progress 8 and Attainment 8.
- ◆ The within school gap between boys and girls has widened in all measures in the girls' favour.

Subject performance

- ◆ The Ebacc performance was in line with the National average. However, a significant number of students were ineligible as their options prevented them from fully accessing this. However, the Government plans to increase the profile of Ebacc as a measure for schools (in addition to the 5A*-C inc E and M) consequently, we will be modifying our curriculum to ensure more students are eligible for Ebacc which in turn will have a positive 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.

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

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 2016	Maths	NA 2016	Ebacc	NA 2016	Open	NA 2016
A8	10.56	10.44	9.46	9.74	11.69	13.64	15.15	15.69
Estimated A8	10.5	-	9.56	-	13.37	-	15.62	-
P8	0.03	0	-0.05	0	-0.59	0	-0.17	0

- ◆ Although English language results were not as strong as English Literature, it was the best performing of the buckets in terms of P8 and A8.
- ◆ In comparison to the previous year, the open bucket performed worst in terms of A8, due in part to poor results from performance and creative arts.
- ◆ The poor performance of some Ebacc subjects, notably languages and Science has had a significant impact on the Ebacc P8 scores.

Re-marks

A few subjects entered a significant amount of students for re-marking. The English results saw a 41% turn around with students getting a grade higher, however very few were converted from grades 3-4.

Prior ability

- ◆ The average grade for the cohort was a B- for the third year in a row (as evidenced by their prior GCSE scores and by results of their ALIS tests designed to benchmark their ability).

ACHIEVEMENTS AND PERFORMANCE (continued)

Subject Performance (continued)

A2 Grade Performance %	2017	ALIS +1 2017	2016	2015	2014	2013
A*	3.9	2.6	5.1	8.6	7.6	4
A* - A	19.7	10.5	26.3	29.9	32.4	21
A* - B	37.5	52	46.7	60.3	50.5	57
A* - C	68.2	88.5	77.7	82.8	79.1	83
A* - D	80.9	99.5	95.5	96.7	92.1	94
A* - E	90.6	100	99	99.3	96.3	97

APS Performance						
Actual APS	30.48	-	39.2	232.73	229.21	227
ALIS APS	36.07	-	35.4	215.56	219.24	24
Actual vs ALIS	-5.59	-	3.8	17.17	9.97	3

- ◆ The average grade (in terms of A-level results) for the cohort was a C+, a slight decline on the Average Grade of a B- last year. There is approximately a 10% gap difference between A*-B and A*-C grades in comparison to last year's attainment. Although the academic profile for the cohort was broadly similar to the previous year group, too many students achieved C grades instead of B grades, and D grades instead of C grades.
- ◆ The sixth form is not performing as well as it did in the previous year. Student performance is also below their ALIS predictions. The value added score is positive. However, the focus will need to be on converting D to C grades, and C to B grades.

FINANCIAL REVIEW

Financial report for the year

Most of the College's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA 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 £547,935 (2016 - deficit of £358,745). The net movement in funds for the year after actuarial gain on the pension liability was a deficit of £144,944 (2016 - deficit of £1,922,883).

At 31 August 2017, the net book value of tangible fixed assets was £15,387,666 (2016 – £15,809,756). 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 £929,000 (2016 - £1,581,000) 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.
- ◆ Failure to control costs, ensure value for money and deliver a breakeven budget.

The first two risks above, if they occur, may result in an adverse impact on eligible funding. All three risks will impact on the College's ability to cover fixed costs and inevitably on cash flow. The College regularly reviews its marketing strategy and MIS data to ensure that maximum pupil numbers are achieved and funding claimed. The Curriculum and Academic Standards Committee review management of this risk periodically.

Reserves policy and financial position

Investment policy

Monies surplus to requirements are held within bank deposit accounts.

FINANCIAL REVIEW (continued)

Reserves policy and financial position (continued)

Financial position

At 31 August 2017, the College had total funds of £15,085,568 (2016 - £15,230,512). This comprised of £14,692,090 (2016 - £14,665,277) of total restricted funds and £393,478 of unrestricted general funds (2016 - £565,235). The pension reserve balance of £929,000 (2016 - £1,581,000), 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 arising over a number of years. To achieve the development plan objectives and for other major projects, including capital projects, the College remains dependent on the provision of additional grants from the ESFA.

Reserves policy

The College's level of free reserves (total funds less the amount held in fixed assets, pension reserve, ESFA developed formula capital grants fund and restricted funds) was £393,478 at 31 August 2017 (2016 - £565,235). The College trustees agreed that the minimum level of free reserves of £500,000 should be maintained.

PLANS FOR THE FUTURE

The trustees and governors have recommended to the Regional School's Commissioner (RSC), and the recommendation has been accepted by the RSC, that the College should join United Learning Multi Academy Trust (UL). UL has over 55 schools (primary, secondary, all through academies and independent schools) in the UK. A tentative date of 1 February 2018 is set for the College to join UL, subject to all due processes being fulfilled satisfactorily.

Trustees' report 31 August 2017

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:



(Colin Powell)

Company Secretary

Approved by the board on: 7/12/17

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 four 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)	4	4
Lord Harris of Peckham	—	4
Mr Simon Hughes	4	4
Mr Philip John Saunders	3	4
Mr Joshua Rey	4	4
Mrs Sandra Routledge	4	4

The governing body also formally met four 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)	4	4
Debra Clinton	1	1
Darren Coughlan	3	4
Caroline Donne	4	4
Juliette Marshall	4	4
Jane Marwood	4	4
Neil Spence	4	4
Karl Williams	3	4
Charlotte Kearns	4	4
Sandra Routledge	3	4

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	1	1
Neil Spence	3	3
Eugene O'Keeffe	3	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 of benchmarking data where available. The Principal for the College has delivered and improved value for money during the year by:

Raising standards

- ◆ The College is currently working in collaboration with United Learning, identifying strategies to tackle under-achievement and intervene as a result. There is a focus on the behaviour of pupils and under-performing groups including the key group of White British students.

Financial oversight and governance

- ◆ Regular meetings take place between the Director of Finance and the Principal and also a weekly meeting takes place between these two colleagues, the Vice Principals and Assistant Head teachers. 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 2017 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 2017 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 assurance function. They have agreed the Responsible Officer (RO) work programme should be carried out by the external auditors, Buzzacott, as permitted by the Academies Financial Handbook. RO work and processes includes performing a range of checks on the College's financial systems and processes. 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 previous 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)

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 RO work;
- ♦ 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:

 (CARLENE
DONNE)
(Chair of Trustees)

 (FIONA
MORRIS)
(Principal and Accounting Officer)

Approved on:


7/12/2017

Statement on regularity, propriety and compliance 31 August 2017

As Accounting Officer of Bacon's College, I have considered my responsibility to notify the College's trustees, governing body and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA 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 2016.

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 2016.

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 ESFA.

 (FIONA MORRIS)

Principal and Accounting Officer

Date: 7th December 2017

Statement of trustees' responsibilities 31 August 2017

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 ESFA, 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 2016 to 2017;
- ◆ 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 ESFA 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: 7/12/17

Independent auditor's report on the financial statements 31 August 2017

Independent auditor's report to the members of Bacon's College

Opinion

We have audited the financial statements of Bacon's College (the 'charitable company') for the year ended 31 August 2017 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), 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) (the Charities SORP 2015) and the Academies Accounts Direction 2016 to 2017.

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

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 2017 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2016 to 2017.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditor's report on the financial statements 31 August 2017

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- ◆ the information given in the trustees' report including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report including the strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report.

Independent auditor's report on the financial statements 31 August 2017

Matters on which we are required to report by exception (continued)

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of trustees

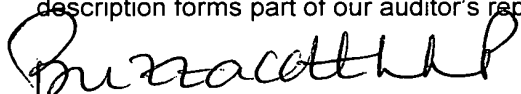
As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

 13 December 2017

Shachi Blakemore (Senior Statutory Auditor)

For and on behalf of Buzzacott LLP, Statutory Auditor

130 Wood Street

London

EC2V 6DL

Independent reporting accountant's report on regularity 31 August 2017

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

In accordance with the terms of our engagement letter dated 29 September 2016 and further to the requirements of the ESFA as included in the Academies Accounts Direction 2016 to 2017, 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 2016 to 31 August 2017 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 ESFA 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 ESFA 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 ESFA, 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 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. 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 2017

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 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Buzzacott LLP 13 December 2017

Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Statement of financial activities Year to 31 August 2017


	Notes	Unrestricted general funds £	Restricted general funds £	Restricted fixed assets fund £	Total 2017 £	Total 2016 £
Income from:						
Donations and capital grants	2	40,448	—	37,259	77,707	226,043
Charitable activities						
Funding for the College's educational operations	3	22,994	8,939,662	—	8,962,656	8,989,085
Other trading activities	4	16,160	62,388	—	78,548	39,336
Investment income	5	11,739	—	—	11,739	15,838
Total income		91,341	9,002,050	37,259	9,130,650	9,270,302
Expenditure on:						
Charitable activities						
College's educational operations	7	—	9,485,887	736,707	10,222,594	9,997,185
Total expenditure	6	—	9,485,887	736,707	10,222,594	9,997,185
Net income (expenditure)		91,341	(483,837)	(699,448)	(1,091,944)	(726,883)
Transfers between funds	17	(263,098)	107,659	155,439	—	—
Net deficit before other recognised gains and losses		(171,757)	(376,178)	(544,009)	(1,091,944)	(726,883)
Other recognised gains and losses						
Actuarial gain (loss) on defined benefit pension scheme	21	—	947,000	—	947,000	(1,196,000)
Net movement in funds		(171,757)	570,822	(544,009)	(144,944)	(1,922,883)
Balances brought forward at 1 September		565,235	(1,266,398)	15,931,675	15,230,512	17,153,395
Balances carried forward at 31 August		393,478	(695,576)	15,387,666	15,085,568	15,230,512

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

Balance sheet 31 August 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible fixed assets	12		15,387,666		15,809,756
Investments	13		3		3
			<u>15,387,669</u>		<u>15,809,759</u>
Current assets					
Debtors	14	333,478		422,229	
Cash at bank and in hand		<u>1,188,452</u>		<u>1,718,072</u>	
		1,521,930		2,140,301	
Liabilities					
Creditors: amounts falling due within one year	15	<u>(784,555)</u>		<u>(1,020,181)</u>	
Net current assets			<u>737,375</u>		<u>1,120,120</u>
Total assets less current liabilities			<u>16,125,044</u>		<u>16,929,879</u>
Creditors: amounts falling due after more than one year	16		<u>(110,476)</u>		<u>(118,367)</u>
Net assets excluding pension scheme liability			<u>16,014,568</u>		<u>16,811,512</u>
Pension scheme liability	21		<u>(929,000)</u>		<u>(1,581,000)</u>
Total net assets			<u>15,085,568</u>		<u>15,230,512</u>
Restricted funds					
Fixed assets fund	17		15,387,666		15,931,675
Restricted income fund	17		233,424		314,602
Pension reserve	17		<u>(929,000)</u>		<u>(1,581,000)</u>
Total restricted funds			<u>14,692,090</u>		<u>14,665,277</u>
Unrestricted income funds					
General fund	17		<u>393,478</u>		<u>565,235</u>
Total funds			<u>15,085,568</u>		<u>15,230,512</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: 7/12/2017

Company Registration Number: 02490773 (England and Wales)

Statement of cash flows Year to 31 August 2017

		2017 £	2016 £
Net cash flows from operating activities			
Net cash (used in) provided by operating activities	A	(264,001)	199,517
Cash flows from investing activities	B	(265,619)	(158,902)
Cash flows from financing activities	C	—	126,258
Change in cash and cash equivalents in the year		(529,620)	166,873
Reconciliation of net cash flow to movement in net funds:			
Cash and cash equivalents at 1 September		1,718,072	1,551,199
Cash and cash equivalents at 31 August	D	1,188,452	1,718,072

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

	2017 £	2016 £
Net expenditure for the year (as per the statement of financial activities)	(1,091,944)	(726,883)
Adjusted for:		
Depreciation charges (note 12)	736,707	830,481
Capital grants from DfE and other capital income	(37,259)	(165,684)
Interest receivable (note 5)	(11,739)	(15,838)
Defined benefit pension scheme cost less contributions payable (note 21)	265,000	72,000
Defined benefit pension scheme finance cost (note 21)	30,000	8,000
Decrease (increase) in debtors	88,751	(71,061)
(Decrease) increase in creditors	(243,517)	268,502
Net cash (used in) provided by operating activities	(264,001)	199,517

B Cash flows from investing activities

	2017 £	2016 £
Interest from investments and loans receivable	11,739	15,838
Purchase of tangible fixed assets	(314,617)	(340,424)
Capital grants from DfE/ESFA	37,259	165,684
Net cash used in investing activities	(265,619)	(158,902)

Statement of cash flows Year to 31 August 2017

C Cash flows from financing activities

	2017 £	2016 £
Salix loan	—	126,258
Net cash provided by financing activities	—	126,258

D Analysis of cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	1,188,452	1,718,072
Total cash and cash equivalents	1,188,452	1,718,072

Principal accounting policies Year to 31 August 2017

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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

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 College 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 and there is not unconditional entitlement to the income, 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.

Principal accounting policies Year to 31 August 2017

Income (continued)

Grants (continued)

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.

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.

Principal accounting policies Year to 31 August 2017

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.

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.

Principal accounting policies Year to 31 August 2017

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.

Financial instruments

The College only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the College and their measurement basis are as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 15 and 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

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.

Principal accounting policies Year to 31 August 2017

Pensions benefits (continued)

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.

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 the statement of financial activities 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 and Skills 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.

Principal accounting policies Year to 31 August 2017

Critical accounting estimates and areas of judgement (continued)

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.

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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

Notes to the financial statements Year to 31 August 2017

1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the College was subject to limits at 31 August 2017 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 2017.

2 Donations and capital grants

	Unrestricted funds £	Restricted fixed assets funds £	Total 2017 £	Total 2016 £
Capital grants	—	37,259	37,259	165,684
Other donations	40,448	—	40,448	60,359
	40,448	37,259	77,707	226,043

3 Funding for the College's educational operations

	Unrestricted funds £	Restricted general funds £	Total 2017 £	Total 2016 £
DfE/ESFA grants				
· General Annual Grant (GAG)	—	8,189,621	8,189,621	8,287,395
· Other DfE/ESFA grants	—	529,503	529,503	527,019
	—	8,719,124	8,719,124	8,814,414
Other Government grants				
· Local authority grants	—	172,945	172,945	125,434
· Special educational projects	—	47,593	47,593	49,237
	—	220,538	220,538	174,671
Other income from the College's educational operations	22,994	—	22,994	—
	22,994	8,939,662	8,962,656	8,989,085

4 Other trading activities

	Unrestricted funds £	Restricted general funds £	Total 2017 £	Total 2016 £
Trips income	—	62,388	62,388	11,709
Miscellaneous income	16,160	—	16,160	27,627
	16,160	62,388	78,548	39,336

Notes to the financial statements Year to 31 August 2017

5 Investment income

	Unrestricted funds	
	Total 2017 £	Total 2016 £
Interest receivable	1,925	6,024
Loan interest	9,814	9,814
	11,739	15,838

6 Expenditure

	Staff costs (note 9) £	Premises £	Other £	Total 2017 £	Total 2016 £
College's educational operations					
. Direct costs	6,331,129	805,410	1,175,057	8,311,596	8,294,670
. Support costs	1,096,172	108,330	706,496	1,910,998	1,702,515
	7,427,301	913,740	1,881,553	10,222,594	9,997,185
				2017 £	2016 £
Net expenditure for the year includes:					
Operating lease rentals				36,190	36,586
Depreciation (note 12)				736,707	830,481
Fees payable to auditor for					
. Audit				12,800	13,350
. Other services				15,610	8,450

7 Charitable activities - College's educational operations

	Total 2017 £	Total 2016 £
Direct costs	8,311,596	8,294,670
Support costs	1,910,998	1,702,515
	10,222,594	9,997,185
	Total 2017 £	Total 2016 £
Analysis of support costs		
Support staff costs **	1,096,172	832,413
Depreciation	125,240	141,182
Technology costs	79,107	85,142
Premises costs	108,330	129,333
Other support costs	470,353	484,555
Governance costs	31,796	29,890
Total support costs	1,910,998	1,702,515

** Support staff costs includes £265,000 (2016: £72,000) in relation to adjustments to the LGPS pension liability.

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

Notes to the financial statements Year to 31 August 2017

8 Comparative information (i.e. for the year ended 31 August 2016)

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

9 Staff

a) Staff costs

	Total 2017 £	Total 2016 £
Wages and salaries	5,402,054	5,619,237
Social security costs	544,700	524,269
Pension costs	998,680	842,048
Apprenticeship levy	3,210	—
	6,948,644	6,985,554
Supply staff costs	275,388	167,448
Staff restructuring costs	203,269	6,000
	7,427,301	7,159,002
	Total 2017 £	Total 2016 £
Staff restructuring costs comprise:		
Redundancy payments	203,269	—
Severance payments	—	6,000
	203,269	6,000

The above ex-gratia payment in 2016 related to one employee.

9 Staff (continued)

b) Staff numbers

The average number of persons (including the senior management team) employed by the charitable company during the year ended 31 August 2017 was as follows:

	2017	2016
Teachers	80	83
Hourly paid	6	6
Administration and support	68	72
Management	10	10
	164	171

Full time equivalents during the year was 142.6 (2016 – 144.4).

c) Higher paid staff

13 employees (2016 - 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:

	2017	2016
£60,001 - £70,000	7	7
£70,001 - £80,000	3	—
£80,001 - £90,000	1	3
£110,001 - £120,000	1	—
£120,001 - £130,000	—	1
£160,001 - £170,000	1	—

The above emoluments include £203,269 of redundancy costs following staff restructuring during the year.

12 (2016 – 10) of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2017, pension contributions for these staff amounted to £125,994 (2016 - £124,704). The other employee participated in the Local Government Pension Scheme, pension contributions amounted to £8,307 (2016 - £11,440).

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 £972,184 (2016: £896,556). This amount includes £174,683 of redundancy costs following the staff restructuring during the year.

10 Trustees' and governors' emoluments and expenses

During the year ended 31 August 2017, travel and subsistence expenses totalling £570 (2016 – £187) were reimbursed to one trustee and one governor (2016 – one trustee).

Other related party transactions 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 2016	24,400,799	1,000,000	3,081,236	35,850	28,517,885
Additions	—	—	314,617	—	314,617
Disposals	—	—	(392,421)	(7,100)	(399,521)
At 31 August 2017	24,400,799	1,000,000	3,003,432	28,750	28,432,981
Depreciation					
At 1 September 2016	9,796,824	160,000	2,715,455	35,850	12,708,129
Charge for year	461,937	20,000	254,770	—	736,707
Disposals	—	—	(392,421)	(7,100)	(399,521)
At 31 August 2017	10,258,761	180,000	2,577,804	28,750	13,045,315
Net book values					
At 31 August 2017	14,142,038	820,000	425,628	—	15,387,666
At 31 August 2016	14,603,975	840,000	365,781	—	15,809,756

13 Investments

	2017 £	2016 £
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.

Notes to the financial statements Year to 31 August 2017

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:

	2017 £	2016 £
Statement of income and retained earnings		
Turnover	555,137	585,888
Expenditure	(516,871)	(526,583)
Interest receivable	191	705
Profit on ordinary activities before Gift Aid	38,457	60,010
Gift Aid to Bacon's College	(38,457)	(59,123)
Profit on ordinary activities after Gift Aid	—	887
Retained earnings brought forward at 1 September	16,065	15,178
Retained earnings carried forward at 31 August	16,065	16,065
Balance sheet		
Net current assets	16,068	130,895
Creditors: amounts falling due after one year	—	(114,827)
Net assets	16,068	16,068
Called up share capital	3	3
Profit and loss account	16,065	16,065
Shareholder's funds	16,068	16,068

14 Debtors

	2017 £	2016 £
Amounts due from BCECS Ltd	86,860	96,401
Amount due from BCCS Ltd	—	4,203
VAT recoverable	66,683	107,669
Other debtors	11,656	10,956
Prepayments and accrued income	168,279	203,000
	333,478	422,229

15 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	297,743	539,526
Taxation and social security	148,795	153,574
Loans (note 16)	15,782	7,891
Other creditors	207,626	291,286
Amounts due to BCCS Ltd	28,943	5,604
Accruals and deferred income	85,666	22,300
	784,555	1,020,181

Notes to the financial statements Year to 31 August 2017

16 Creditors: amounts falling due in greater than one year

	2017 £	2016 £
Loans	110,476	118,367
Analysis of loans		
Wholly repayable within eight years	126,258	126,258
Less: included in current liabilities (note 15)	(15,782)	(7,891)
Amounts included above	110,476	118,367
Loan maturity		
Debt due in one year or less	15,782	7,891
In more than one year but not more than five years	63,128	63,128
In more than five years	47,348	55,239
	126,258	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. The March 2017 repayment was made after 31 August 2017.

17 Funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant (GAG)	—	8,189,621	(8,331,832)	142,211	—
Pupil Premium	13,821	529,503	(512,308)	—	31,016
Other grants	65,227	—	(57,695)	—	7,532
Pension reserve	(1,581,000)	—	(295,000)	947,000	(929,000)
	(1,501,952)	8,719,124	(9,196,835)	1,089,211	(890,452)
Restricted fixed asset funds					
Depreciation	(12,911,215)	—	(736,707)	—	(13,647,922)
DfE/ESFA capital grants	14,376,848	37,259	—	—	14,414,107
Capital expenditure from GAG	9,484,313	—	—	155,439	9,639,752
Private sector capital sponsorship	4,981,729	—	—	—	4,981,729
	15,931,675	37,259	(736,707)	155,439	15,387,666
Other restricted funds					
Local authority grants	5,861	172,945	(174,064)	—	4,742
LPESN	84,590	—	—	—	84,590
Other restricted funds	145,103	109,981	(114,988)	(34,552)	105,544
	235,554	282,926	(289,052)	(34,552)	194,876
Total restricted funds	14,665,277	9,039,309	(10,222,594)	1,210,098	14,692,090
Unrestricted funds					
General funds	565,235	91,341	—	(263,098)	393,478
Total unrestricted funds	565,235	91,341	—	(263,098)	393,478
Total funds	15,230,512	9,130,650	(10,222,594)	947,000	15,085,568

Notes to the financial statements Year to 31 August 2017

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 2017 (see note 1).

During the year ended 31 August 2017, £155,439 (2016 - £231,722) 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 2017. Unspent capital grant balance at 31 August 2017 was £nil (2016 - £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 grants

This includes funds received specifically for smaller projects.

18 Analysis of net assets between funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted general Funds £	Restricted general Funds £	Restricted fixed assets fund £	2017 £
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	—	—	15,387,666	15,387,666
Investments	3	—	—	3
Current assets	393,475	1,128,455	—	1,521,930
Current liabilities	—	(784,555)	—	(784,555)
Non-current liabilities	—	(110,476)	—	(110,476)
Pension reserve	—	(929,000)	—	(929,000)
Total net assets	393,478	(695,576)	15,387,666	15,085,568

19 Capital commitments

	2017 £	2016 £
Contracted for, but not provided in the financial statements	—	271,000

20 Commitments under operating leases

Operating leases

At 31 August 2017, the total of the College's future minimum lease payments under non-cancellable operating leases was as follows:

	2017 £	2016 £
Amounts due within one year	36,190	36,190
Amounts due between two and five years inclusive	43,230	79,419
	79,420	115,609

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 2016.

Contributions amounting to £85,575 were payable to the schemes at 31 August 2017 (2016: £106,870) 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

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 were:

- ◆ 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 is currently underway based on April 2016 data, 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 £571,047 (2016: £610,177).

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 2017 was £240,722 (2016 - £241,143), of which employer's contributions totalled £162,633 (2016 - £159,871) and employees' contributions totalled £78,089 (2016 - £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 2016.

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 2017	At 31 August 2016
Principal actuarial assumptions		
Rate of increase in salaries	3.50%	3.40%
Rate of increase for pensions in payment / inflation	2.00%	1.90%
Discount rate for scheme liabilities	2.50%	2.00%
Inflation assumption (CPI)	2.00%	1.90%

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 2017	At 31 August 2016
<i>Retiring today</i>		
Males	22.5	21.9
Females	26.1	26.5
<i>Retiring in 20 years</i>		
Males	24.1	24.1
Females	27.9	28.8

The below changes in assumptions would decrease (increase) the net pension liability as follows:

	At 31 August 2017 £
Sensitivity analysis	
Discount rate +0.1%	129,000
Discount rate -0.1%	(132,000)
Mortality assumption – 1 year increase	(172,000)
Mortality assumption – 1 year decrease	171,000
CPI rate +0.1%	(39,000)
CPI rate -0.1%	38,000

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 2017 £	Fair value at 31 August 2016 £
Equities	2,795,000	2,263,000
Government bonds	459,000	410,000
Corporate bonds	396,000	369,000
Property	774,000	680,000
Cash and other liquid assets	10,000	54,000
Other	401,000	369,000
Total market value of assets	4,835,000	4,145,000

The actual return on scheme assets was £477,000 (2016: £635,000).

Amounts recognised in statement of financial activities	2017 £	2016 £
Current service cost	457,000	251,000
Interest income	(85,000)	(129,000)
Interest cost	115,000	137,000
Total amount recognised in the SOFA	487,000	259,000

Changes in the present value of defined benefit obligations were as follows:	2017 £	2016 £
At 1 September	5,726,000	3,567,000
Current service cost	457,000	251,000
Interest cost	115,000	137,000
Employee contributions	92,000	87,000
Actuarial (gain)/loss	(555,000)	1,702,000
Benefits paid	(71,000)	(18,000)
At 31 August	5,764,000	5,726,000

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:	2017 £	2016 £
At 1 September	4,145,000	3,262,000
Interest income	85,000	129,000
Actuarial gain	392,000	506,000
Employer contributions	192,000	179,000
Employee contributions	92,000	87,000
Benefits paid	(71,000)	(18,000)
At 31 August	4,835,000	4,145,000
Net pension liability:	2017 £	2016 £
Fair value of the Academy's share of scheme assets	4,835,000	4,145,000
Present value of defined benefit obligations	(5,764,000)	(5,726,000)
Net liability at 31 August	(929,000)	(1,581,000)

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 2017. 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 2017 (2016 - £9,814) and a repayment of £20,000 (2016 - £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 2017, BCCS Ltd owed the College £nil (2016 - £4,203) and the College owed BCCS Ltd £28,943 (2016 - £5,604). Bacon's College is also a guarantor in respect to Mellish Fields lease between the London Borough of Southwark and BCCS Ltd.

BCECS Ltd, the College's wholly owned trading company (see note 13), charged a management fee of £55,606 (2016 - £45,198) for the running of BCCS Ltd during the year. BCCS Ltd charged Bacon's College £55,606 (2016 - £45,198) 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.

24 Post balance sheet events

The trustees and governors have recommended to the Regional School's Commissioner (RSC), and the recommendation has been accepted by the RSC, that the College should join United Learning Multi Academy Trust (UL). UL has over 55 schools (primary, secondary, all through academies and independent schools) in the UK. A tentative date of 1 February 2018 is set for the College to join UL, subject to all due processes being fulfilled satisfactorily.