

REGISTRAR OF COMPANIES

Bacon's College

Annual report and financial statements

31 August 2014

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



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Reference and administrative information

Members Rev Canon David Peacock (Chairman)
Mrs Caroline Donne
Lord Harris of Peckham
Mr Simon Hughes MP
Rev Mark John Steadman
Mr Philip John Saunders

Trustees Rev Canon David Peacock (Chairman)
Mrs Caroline Donne
Lord Harris of Peckham
Mr Simon Hughes MP
Rev Mark John Steadman
Mr Philip John Saunders

Governors Mr Eugene O'Keeffe (Chairman)
Mr Darren Coghlan
Mrs Caroline Donne
Mr Paul Jacobs (Responsible Officer)
Mrs Juliette Marshall (Support Staff Governor)
Mr Paul Nancarrow (Teacher Governor)
Mrs Pamela Noble
Father Richard Norman (Associate Governor)
Rev Canon David Peacock
Mr Neil Spence
Mrs Kath Whittam (Parent Governor)
(resigned November 2013)
Mrs Debra Clinton (Parent Governor) (Appointed 21
January 2014)

Company Secretary Mr Colin Powell

Senior Leadership Team

Principal	Mr John Martin
Vice Principal Head of School	Mr Martin Winter
Vice Principal Academic Standards	Mr David Burgess
Director of Finance & Human Resources	Mr Robert Nisbeth

Principal Address Timber Pond Road
Rotherhithe
London
SE16 6AT

Reference and administrative information

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 (including the strategic report) 31 August 2014

The trustees present their report together with the audited financial statements for the year ended 31 August 2014. 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 26 to 29 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 Statement of Recommended Practice "Accounting and Reporting by Charities" as issued in March 2005 ('SORP 2005').

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 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 help 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:

Trustees

Rev Canon D Peacock (Chairman)
Mrs Caroline Donne
Lord Harris of Peckham
Mr Simon Hughes MP
Rev Mark John Steadman
Mr Philip John Saunders

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

In accordance with normal commercial practice, the College has purchased insurance to protect trustees, governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on College business. The insurance cover is up to £1,000,000 on any one claim and the cost for the year was £900 (2013 - £900).

The College also insures against any losses of money or goods resulting from fraud or dishonesty by College employees. The insurance provides cover up to £250,000 and the cost for the year was £3,954 (2013 - £3,843).

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.

Senior Leadership Team (SLT)

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

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

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

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

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

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.

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 four governors of the College served as directors of BCCS Ltd during the year ended 31 August 2013. Bacon's College does not control BCCS Ltd. Therefore BCCS Ltd is not consolidated within the College's financial statements.

OBJECTIVES AND ACTIVITIES

Objects and activities

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

OBJECTIVES AND ACTIVITIES (continued)

Objects and activities (continued)

The main objectives of the College during the year ended 31 August 2014, and the strategies for achieving them, are summarised below:

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

Public benefit

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

Equal opportunities policy

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

Disabled persons

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

STRATEGIC REPORT

Achievements and performance

Y11 Outcomes

Results are shown with the new early entry rules applied (EE) and without the rules applied (WEE). Results for the previous year are not shown as a comparison is statistically invalid because the performance measure calculation methodology and assessment in key subjects has changed significantly. OFSTED have been instructed by HM Chief Inspector of Schools not to compare year on year results for this reason. Headline results are compared to the national averages for the previous year as the averages for 2013/14 will not become available until RAISE is published, although these should be viewed with caution for the reasons outlined above.

Prior Ability:

Comparing this year's Y11 cohort with the national average, there are fewer high ability and lower ability students, but there were considerably more middle ability students. The profile has changed since last year with far fewer high ability students and many more middle ability students in the cohort.

Attainment

- ◆ 5ACEM EE is in line with the national average WEE is slightly above. College results are in line with the FFTA range.
- ◆ EBAC Results are in line with the national average.
- ◆ English A*-C EE results are 3% above the national average with an additional 3.3% achieving A*-C WEE. 5 student's C grades were ineligible to be counted in the EE results because their first result was lower than a C grade.
- ◆ Maths A*-C EE results are 9.6% above the national average with an additional 3% achieving A*-C WEE. 5 student's C grades were ineligible to be counted in the EE results because their first result was lower than a C grade.

Progress

- ◆ Expected progress in English (EE) is slightly lower than the national average. There is a 4.3% difference between EE and WEE results. English progress is within the FTT range. More than expected progress in English is in line with the national average.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Y11 Outcomes (continued)

Progress (continued)

- ◆ Expected progress in mathematics (EE) is slightly higher than the national average. There is a 2.4% difference between EE and WEE results. Mathematics progress results have both exceeded the FFT estimates. More than expected progress in maths is slightly below the national average for EE results but above the national average for WEE results, there being a 7.4% difference between the two. This is because 12 students achieved higher grades in the second summer entry which were ineligible to be counted for the purposes of the performance tables.

Disadvantaged Students:

Within the school variation (gap) between disadvantaged and non-disadvantaged students has closed since last year and where it exists it is relatively small. This would indicate that the Pupil Premium is being put to good use.

Y13 Outcomes

Prior Ability

Prior attainment indicates that compared to the previous year the 2014 cohort had a greater number of high ability students, a smaller number of students at the 41-46 and a greater number in the 35-40 range. There were no students in the 29-34 low ability range.

A2 Attainment

The A2 Average Point Score was 231 against a national average of 223 and last year's average of 227.

Bacon's performance exceeded the national average at all boundaries from A*-D, the performance at A*-A and A*-B being particularly notable.

A2 Progress

All subjects met or exceeded the ALIS targets at A*-A indicating a good or outstanding performance.

Most subjects met or exceeded the ALIS targets at A*-C, or were within an acceptable range of their target.

STRATEGIC REPORT (continued)

Financial review

Financial report for the year

Most of the College's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year and the associated expenditure are shown as restricted funds in the statement of financial activities.

The College also received grants for fixed assets from the EFA and its sponsors. In accordance with the Statement of Recommended Practice (SORP 2005), Accounting and Reporting by Charities, such grants are shown in the statement of financial activities as restricted income within the fixed assets funds. The balance sheet restricted fixed assets fund is reduced by expenditure equivalent to any depreciation charges over the expected useful life of the assets concerned.

The net deficit for the year excluding the fixed assets fund and before gains and losses but after transfers was £560,381 (2013 – £367,037 surplus). The net movement in funds for the year, after actuarial gain on FRS17 liability, was a deficit of £588,989 (2013 - £462,057 surplus).

At 31 August 2014, the net book value of tangible fixed assets was £16,892,956 (2013 – £17,280,564). The movements in the tangible fixed assets are shown in note 11 to the financial statements. Tangible fixed assets are all held for use by the College. The FRS17 pension liability in relation to the London Borough of Southwark Pension Scheme was £385,000 (2013 - £668,600) at the year end. Details of the pension scheme are given in note 8 of these financial statements.

Financial and risk management objectives and policies

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

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

Principal risks and uncertainties

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

- ◆ permanent loss of senior staff resulting in lack of expertise;
- ◆ uncertainty over outcomes in students' examination results;

STRATEGIC REPORT (continued)

Financial review (continued)

Principal risks and uncertainties (continued)

- ◆ long term staff absence leading to financial and educational risks;
- ◆ financial shortfall due to fall in student numbers generally and lack of recruitment relating to post-16 students; and
- ◆ litigation by employees as a consequence of work practices.

Reserves policy and financial position

Investment policy

Monies surplus to requirements are held within bank deposit accounts.

Financial position

At 31 August 2014, the College had total funds of £17,824,097 (2013 - £18,413,086). This comprised of £17,312,380 (2013 - £17,924,262) of total restricted funds and £511,717 of unrestricted general funds (2013 - £488,824). The pension reserve balance of £385,000 (2013 - £668,600), which is in deficit relates to the local government defined benefit scheme for non teaching staff (see note 8). The fund balances are adequate to fulfil the obligations of the College and provide a balance against most unforeseen future events and any cash outflows as a result of the pension deficit will arise over a number of years. To achieve the development plan objectives and for other major projects, the College remains dependent on the provision of additional grants from the EFA including in relation to capital projects.

Reserves policy

The College's level of free reserves (total funds less the amount held in fixed assets, pension reserve, EFA developed formula capital grants fund and restricted funds relating to non EFA grants) was £874,731 at 31 August 2014 (2013 - £1,369,118). The College trustees are continuing to review the level of free reserves and will agree upon the reserves policy in the coming year.

Going concern

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

Trustees' report (including the strategic report) 31 August 2014

PLANS FOR THE FUTURE

A further set of improvement priorities for 2014/2015 have now been identified to consolidate and extend the progress made last year. These include: preparing for the many changes happening nationally; reducing disruption to the normal timetable; refining special education and disability provision; embedding the Student Support Services; reviewing the new house system; reviewing key elements of human resources; and continuing with the campus improvement plan.

The overarching ambition for these priorities is to better cater for individual students, build on their natural curiosity and promote creativity.

AUDITOR

In so far as the trustees are aware:

- ♦ there is no relevant audit information of which the charity's auditor is unaware; and
- ♦ the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Signed on behalf of the board of trustees:



C Powell

Approved by the board on:



Scope of responsibility

The trustees and the governing body acknowledge that they have overall responsibility for ensuring that Bacon's College has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The trustees and governing body have delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the College and the Secretary of State for Education. The Principal is also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

Governance

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

Trustee	Number of meetings attended	Out of a possible number
Rev Canon David Peacock (Chair)	3	3
Mrs Caroline Donne	2	3
Lord Harris of Peckham	—	3
Mr Simon Hughes MP	1	3
Rev Mark John Steadman	1	3
Mr Philip John Saunders	3	3

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

Governor	Number of meetings attended	Out of a possible number
Eugene O'Keeffe (Chair)	3	3
Debra Clinton	1	2
Darren Coghlan	2	3
Caroline Donne	3	3
Paul Jacobs	2	3
Juliette Marshall	3	3
Paul Nancarrow	1	3
Pamela Noble	3	3
Father Richard Norman	1	3
Rev Canon David Peacock	3	3
Neil Spence	3	3
Mrs Kath Whittam	1	3

Governance statement 31 August 2014

Governance (continued)

In July of each academic year, the governors review the governance arrangements for Bacon's College in order to identify any amendments that need to be introduced for the new academic year. In July 2014, the governors agreed to explore the possibility of increasing its number in order to share the increasing responsibilities they are charged with. To ensure the governing body secures new governors that complement the expertise of the existing governors, it has arranged for an external consultant to conduct a skills audit with the governors in January 2015. In turn, it is hoped to appoint additional governors for 2015-16.

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 & Human Resources 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.

One new member was appointed to the committee during the year.

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
John Martin	3	3
Paul Jacobs	3	3
Debra Clinton (appointed 21 January 2014)	1	2
Pamela Noble	2	3
Neil Spence	1	3
Eugene O'Keeffe	1	3

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 has been in place at the College for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

Governance statement 31 August 2014

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 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

The risk and control framework

The College's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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

The trustees and the governing body have considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, they have appointed Paul Jacobs as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the College's financial systems. On a termly basis, the RO will report to the governors on the operation of the systems of control and on the discharge of the trustees' and the governing body's financial responsibilities. As permitted by the Academies Financial Handbook, this task has been delegated to the external auditor. On a periodic basis, the external auditor reports to the RO on the operations of the system of control and on the discharge of the RO's financial responsibilities.

Governance statement 31 August 2014

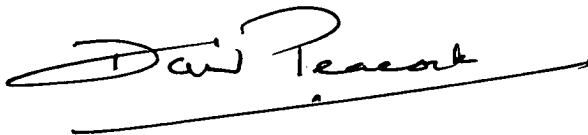
Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question, the review has been informed by:

- ♦ the work of the RO;
- ♦ the work of the external auditor;
- ♦ the financial management and governance self assessment process;
- ♦ the work of the Director of Finance & Human Resources within the College who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance and 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:



D Peacock
(Chair of Trustees)



J Martin
(Principal and Accounting Officer)

Approved on:

11/12/14

Statement on regularity, propriety and compliance 31 August 2014

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

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.

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



J Martin

Principal and Accounting Officer

Date: 11/12/14

Statement of trustees' responsibilities 31 August 2014

The trustees (who act as directors of the College for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the Annual Accounts Requirements issued by the EFA, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the College and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' Statement of Recommended Practice (the Charities' SORP);
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the College will continue in operation.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the College's transactions and disclose with reasonable accuracy at any time the financial position of the College and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the College and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the Board of trustees and signed on its behalf by:

D Peacock
Chair of trustees



Date: 11/12/14

Independent auditor's report 31 August 2014

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

We have audited the financial statements of Bacon's College for the year ended 31 August 2014 which comprise the statement of financial activities, the balance sheet, the cash flow statement, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2013/14 issued by the EFA.

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

Respective responsibilities of the trustees and the auditor

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

As explained more fully in the statement of trustees' responsibilities set out in the trustees' report, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the trustees' report (including the strategic report) to identify material inconsistencies with the audited financial statements and to identify any information that is materially incorrect based on, materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent auditor's report 31 August 2014

Opinion

In our opinion:

- ◆ the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- ◆ the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ the financial statements have been prepared in accordance with the Companies Act 2006; and
- ◆ the financial statements have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the EFA.

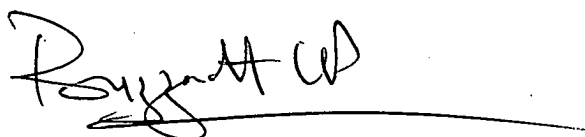
Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

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

- ◆ adequate accounting records have not been kept; or
- ◆ the financial statements are not in agreement with the accounting records; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.



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

15 December 2014

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

In accordance with the terms of our engagement letter dated 17 September 2009 and further to the requirements of the EFA as included in the Academies Accounts Direction 2013 to 2014, 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 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Bacon's College and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Bacon's College and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bacon's College and the EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Bacon's College's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. 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 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Independent reporting accountant's report on regularity 31 August 2014

Approach (continued)

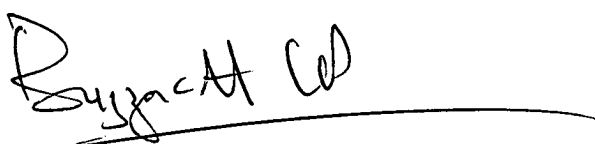
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the College's income and expenditure.

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 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

15 December 2014

Statement of financial activities Year to 31 August 2014

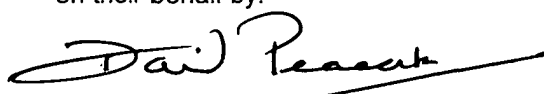
	Notes	Unrestricted general funds £	Restricted general funds £	Restricted fixed assets fund £	Total 2014 £	Total 2013 £
Income and expenditure and statement of total recognised gains and losses						
Incoming resources						
Incoming resources from generating funds						
. Voluntary income	12	—	—	—	—	128,701
. Investment income	2	12,512	—	—	12,512	43,945
Incoming resources from charitable activities						
. Funding for College's educational operations	3	—	9,100,977	133,437	9,234,414	10,058,315
Other income	4	10,381	54,608	—	64,989	61,536
Total incoming resources		22,893	9,155,585	133,437	9,311,915	10,292,497
Resources expended						
Charitable activities						
. College's educational operations	5	—	9,432,322	788,398	10,220,720	9,865,094
Governance costs	6	—	39,184	—	39,184	32,346
Total resources expended	7	—	9,471,506	788,398	10,259,904	9,897,440
Net outgoing resources before transfers						
		22,893	(315,921)	(654,961)	(947,989)	395,057
Transfers between funds						
	15	—	(267,353)	267,353	—	—
Net outgoing resources after transfers		22,893	(583,274)	(387,608)	(947,989)	395,057
Other recognised gains and losses						
Actuarial gain on defined benefit pension scheme	8	—	359,000	—	359,000	67,000
Net movement in funds		22,893	(224,274)	(387,608)	(588,989)	462,057
Balances brought forward						
at 1 September 2013		488,824	643,698	17,280,564	18,413,086	17,951,029
Balances carried forward						
at 31 August 2014		511,717	419,424	16,892,956	17,824,097	18,413,086

All of the Academy's activities derive from continuing operations during the above two financial periods.

Balance sheet 31 August 2014

	Notes	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Tangible fixed assets	11		16,892,956		17,280,564
Investments	12		3		3
			<u>16,892,959</u>		<u>17,280,567</u>
Current assets					
Debtors	13	308,755		448,329	
Short term deposits		487,987		487,181	
Cash at bank and in hand		<u>1,246,417</u>		<u>1,662,017</u>	
		<u>2,043,159</u>		<u>2,597,527</u>	
Creditors: amounts falling due within one year	14	<u>(727,021)</u>		<u>(796,408)</u>	
Net current assets			<u>1,316,138</u>		<u>1,801,119</u>
Net assets excluding pension liability			<u>18,209,097</u>		<u>19,081,686</u>
Pension scheme liability	8		<u>(385,000)</u>		<u>(668,600)</u>
Net assets including pension liability			<u>17,824,097</u>		<u>18,413,086</u>
Funds of the Academy:					
Restricted funds					
Fixed assets fund	15		16,892,956		17,280,564
General funds		804,424		1,312,298	
Pension reserve	8	<u>(385,000)</u>		<u>(668,600)</u>	
	15		<u>419,424</u>		<u>643,698</u>
Total restricted funds			<u>17,312,380</u>		<u>17,924,262</u>
Unrestricted general funds			<u>511,717</u>		<u>488,824</u>
Total funds	16		<u>17,824,097</u>		<u>18,413,086</u>

The financial statements on pages 23 to 45 were approved by the trustees and are signed on their behalf by:


 D Peacock

Chairman

Approved by the Board on:

11/12/14

Company Registration Number: 02490773 (England and Wales)

Cash flow statement For the year ended 31 August 2014

	Notes	2014 £	2013 £
Net cash (outflow) from operating activities	19	(170,001)	779,925
Returns on investments and servicing of finance	20	22,560	63,784
Capital expenditure	21	(267,353)	(277,895)
Increase (decrease) increase in cash	22	(414,794)	565,814

Principal accounting policies 31 August 2014

Format of financial statements

The standard format for the financial statements as required by the Companies Act 2006 Part 15 has been adapted to provide appropriate information which complies with the Statement of Recommended Practice (SORP 2005) 'Accounting and Reporting by Charities' issued in March 2005 and reflects the activities of the College.

Basis of accounting

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2013 to 2014 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Incoming resources

Grants receivable

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant (GAG) is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed assets fund.

Donations

Donations are included in the statement of financial activities on a cash received basis or on an accruals basis where they are assured with reasonable certainty and are receivable at the balance sheet date.

Other income

Other income is included within the statement of financial activities on a receivable basis.

Resources expended

Resources expended are recognised in the period in which they are incurred. They have been classified under headings that aggregate all costs relating to that activity.

Principal accounting policies 31 August 2014

Resources expended (continued)

Prior to 31 March 2011, all costs were inclusive of irrecoverable VAT although the College received a VAT grant as part of its GAG funding. Since 1 April 2011, the College has been able to reclaim the VAT paid on the provision of education but is not entitled to a VAT grant. Costs are stated net of recoverable VAT from this date.

Allocation of costs

In accordance with the Charities SORP 2005, expenditure has been analysed between the College's charitable activities and governance. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned. These include maintenance of premises, occupancy costs and furniture and equipment depreciation, where apportionment is made based on capacity of accommodation utilised and staff numbers.

Governance costs

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

Fund accounting

The unrestricted general fund is for monies which may be used towards meeting any of the objectives of the College at the discretion of the trustees.

Restricted funds comprise of grants received from the EFA and other donors which are to be used for specific purposes as explained in note 15.

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.

Principal accounting policies 31 August 2014

Tangible fixed assets (continued)

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.

Leased assets

Rental applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

Pension costs

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These defined benefit schemes are contracted out of the State Earnings-Related Pension Scheme ('SERPS') and the assets are held separately from those of the College.

Pension costs (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 quinquennial valuations using a prospective benefit method. As stated in note 8, the TPS is a multi employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The London Borough of Southwark Pension Scheme is a funded scheme and the assets are held separately from those of the College in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to the statement of financial activities are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

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.

Notes to the financial statements 31 August 2014

1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the College was subject to limits at 31 August 2014 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 2014

2 Investment income

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Bank interest receivable	2,560	—	2,560	33,784
Interest receivable on loan balance with BCCS Ltd (see note 18)	9,952	—	9,952	10,161
	12,512	—	12,512	43,945

3 Funding for College's educational operations

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Grants receivable				
EFA GAG (note 15)	—	8,374,780	8,374,780	8,786,370
EFA capital grants				
Devolved formula	—	22,039	22,039	22,056
Other	—	133,437	133,437	525,174
Other EFA grants	—	597,214	597,214	612,192
Other Government grants	—	106,944	106,944	112,523
	—	9,234,414	9,234,414	10,058,315

4 Other income

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Music tuition fees	4,777	—	4,777	3,417
Sportswear sales	1,380	—	1,380	1,630
Digital equipment sale	4,224	—	4,224	—
School Games co-ordinator	—	50,423	50,423	44,653
Youth for Sports Trust (LPESN)	—	—	—	2,704
Jack Petchey Foundation	—	1,800	1,800	1,200
Other	—	2,385	2,385	7,932
	10,381	54,608	64,989	61,536

5 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Direct costs (note 7)				
Teaching and educational support staff costs	—	6,333,070	6,333,070	6,387,446
Maintenance	—	155,218	155,218	123,683
Occupancy	—	304,911	304,911	302,955
Education and other supplies	—	479,143	479,143	312,793
Examination fees	—	95,307	95,307	106,281
Educational consultancy	—	25,765	25,765	37,623
Depreciation	—	654,370	654,370	643,291
IT software and other expenditure	—	67,257	67,257	67,422
Pupil recruitment and support	—	27,839	27,839	83,084
	—	8,142,880	8,142,880	8,064,578
Support costs (note 7)				
Support staff costs**	—	1,092,569	1,092,569	1,066,354
Maintenance	—	31,792	31,792	25,333
Occupancy	—	62,452	62,452	62,051
Transport	—	17,680	17,680	38,391
Catering	—	150,791	150,791	133,462
Insurance	—	23,118	23,118	25,008
Depreciation	—	134,028	134,028	131,758
Other ***	—	565,410	565,410	318,159
	—	2,077,840	2,077,840	1,800,516
Total	—	10,220,720	10,220,720	9,865,094

** Support staff costs includes £90,400 charge (2013: £107,000 charge) in relation to the FRS17 liability.

*** Other support costs includes £15,000 credit (2013: £1,000 net interest payable) for net interest receivable in relation to the FRS 17 liability.

6 Governance costs

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Legal and professional fees	—	1,195	1,195	13
Auditor's fees				
• Statutory audit	—	11,430	11,430	11,650
• Other services	—	6,538	6,538	8,300
Consultancy fees	—	17,971	17,971	7,792
Trustees' and governors' reimbursed expenses (note 9)	—	2,050	2,050	4,591
	—	39,184	39,184	32,346

7 Resources expended

	Staff costs (note 8) £	Other costs £	Subtotal £	Depreciation (note 11) £	Total 2014 £	Total 2013 £
College's educational operations						
Direct costs (note 5)	6,333,070	1,155,440	7,488,510	654,370	8,142,880	8,064,578
Support costs (note 5)	1,092,569	851,243	1,943,812	134,028	2,077,840	1,800,516
	<u>7,425,639</u>	<u>2,006,683</u>	<u>9,432,322</u>	<u>788,398</u>	<u>10,220,720</u>	<u>9,865,094</u>
Governance costs (note 6)	—	39,184	39,184	—	39,184	32,346
	<u>7,425,639</u>	<u>2,045,867</u>	<u>9,471,506</u>	<u>788,398</u>	<u>10,259,904</u>	<u>9,897,440</u>

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

8 Staff

a) Staff costs

	GAG Expenditure £	Non-GAG Expenditure £	Total 2014 £	Total 2013 £
Wages and salaries	5,386,653	399,726	5,786,379	5,876,883
Social security costs	466,604	24,718	491,322	528,714
Pension costs	768,011	36,752	804,763	773,038
Other costs	343,175	—	343,175	275,165
	<u>6,964,443</u>	<u>461,196</u>	<u>7,425,639</u>	<u>7,453,800</u>

Pension costs include a FRS 17 charge of £90,400 (2013: charge of £107,000). This is included within non-GAG expenditure.

b) Staff numbers

Average numbers of full time equivalent persons employed by the College:

	2014	2013
College's educational operations		
Teachers	73	78
Administration and support	73	71
Management	24	25
Hourly paid	9	10
	<u>179</u>	<u>184</u>

8 Staff (continued)

c) Higher paid staff

10 employees (2013 - 9) 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:

	2014	2013
£60,001 - £70,000	5	4
£70,001 - £80,000	2	2
£80,001 - £90,000	2	2
£130,001 - £140,000	—	1
£140,001 - £150,000	1	—

Eight of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for these staff amounted to £97,073. The other employee participated in the Local Government Pension Scheme, pension contributions amounted to £12,493.

d) Pension costs

There were two pension schemes available to employees of the College during the year: the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS), which is managed by the London Borough of Southwark.

Pension contributions payable by the College to these schemes in the year were as follows:

	2014 £	2013 £
Teachers' Pension Scheme (TPS)	490,190	462,722
London Borough of Southwark Pension Scheme (LGPS)	187,421	203,316
	677,611	666,038
FRS 17 charge	90,400	107,000
Pension costs to the College	768,011	773,038

Teacher's Pension Scheme (TPS)

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.

8 Staff (continued)

e) Pension costs (continued)

Teacher's Pension Scheme (TPS) (continued)

Introduction (continued)

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- ◆ employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- ◆ total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- ◆ an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>).

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

8 Staff (continued)

e) Pension costs (continued)

Teacher's Pension Scheme (TPS) (continued)

Teachers' Pension Scheme Changes (continued)

In addition, the proposed final agreement includes a Government commitment that those within 10 years of normal pension age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the College has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The College has set out above the information available on the scheme.

f) Local Government Pension Scheme (LGPS)

The College commenced participation in the London Borough of Southwark Pension Scheme on 1 June 2008. The College is one of several employing bodies included within this LGPS which is a funded defined benefit scheme, with the assets held in separate trustee administered funds. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 August 2014 by a qualified independent actuary.

8 Staff (continued)

f) Local Government Pension Scheme (LGPS)

Assumptions

The major assumptions used by the actuary were:

	2014 % per annum	2013 % per annum
Retail Price Index (RPI) inflation	3.1%	3.7%
Consumer Price Index (CPI) inflation	2.1%	2.8%
Salary increase	3.6%	4.7%
Rate of discount	3.7%	4.5%
Rate of revaluation of pension accounts	2.1%	—
Rate of increase in deferred pensions	2.1%	2.8%
Rate of increase in pensions in payment and deferred pensions	2.1%	2.8%

The mortality assumptions used were as follows:

	2014 years	2013 years
Longevity at age 65 for current pensioners		
. Men	21.8	21.3
. Women	26.3	26.0
Longevity at age 65 for future pensioners		
. Men	23.9	23.1
. Women	28.6	28.0

The assets of the scheme and the expected rates of return were:

	Long term rate of return expected at 31 August 2014	Asset split at 31 August 2014 %	Long term rate of return expected at 31 August 2013	Asset split at 31 August 2013 %
Equities	7.5%	64.8	7.9%	65.9
Property	6.8%	13.7	7.4%	13.4
Government bonds	2.9%	10.6	3.4%	9.4
Corporate bonds	3.3%	9.9	4.1%	10.3
Cash	1.1%	1.0	0.9%	1.0

8 Staff (continued)

f) Local Government Pension Scheme (LGPS) (continued)

Movement in net deficit during year:

	2014 £'000	2013 £'000
Net deficit in scheme at 1 September	(669)	(628)
Movement in year:		
Employer service cost (net of employee contributions)	(258)	(325)
Employer contributions	168	218
Net interest on assets	15	(1)
Actuarial gain	359	67
Net deficit in scheme at 31 August	(385)	(669)

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Scheme liabilities	(3,201)	(2,785)	(2,223)	(1,552)	(890)
Fair value of scheme assets	2,816	2,116	1,595	1,190	681
Deficit in the scheme	(385)	(669)	(628)	(362)	(209)

Total expenditure recognised in the statement of financial activities, (SOFA):

	2014 £'000	2013 £'000
Current service cost	(258)	(325)
Interest cost on scheme liabilities	(133)	(102)
Expected return on scheme assets	148	101
Employer contributions	168	218
Total expenditure recognised in SOFA	(75)	(108)

The total amount recognised in the statement of total recognised gains and losses was an actuarial gain of £359,000 (2013: £67,000 gain).

Reconciliation of opening and closing balances of the present value of the College's share of scheme liabilities:

	2014 £'000	2013 £'000
Scheme liabilities at 1 September	(2,785)	(2,223)
Current service cost	(258)	(325)
Interest cost	(133)	(102)
Contributions by scheme participants	(76)	(91)
Actuarial gain (loss)	42	(51)
Net benefits paid out	9	7
Scheme liabilities at 31 August	(3,201)	(2,785)

8 Staff (continued)

f) Local Government Pension Scheme (LGPS) (continued)

Reconciliation of opening and closing balances of the fair value of the College's share of the scheme assets:

	2014 £'000	2013 £'000
Fair value of scheme assets at 1 September	2,116	1,595
Expected return on scheme assets	148	101
Actuarial gain	317	118
Contributions by employer	168	218
Contributions by scheme participants	76	91
Net benefits paid out	(9)	(7)
Fair value of scheme assets at 31 August	2,816	2,116

	2014 £	2013 £	2012 £	2011 £	2010 £
Experience adjustment on scheme assets	42,000	(51,000)	(234,000)	(247,800)	18,500
Experience adjustment on scheme liabilities	317,000	118,000	35,000	181,500	(24,600)
Actuarial gain (loss) on the scheme	359,000	67,000	(199,000)	(66,300)	(6,100)

The employers contributions are estimated to be £165,000 for the year ended 31 August 2015.

9 Trustees' and governors' emoluments and expenses

During the year ended 31 August 2014, travel and subsistence expenses totalling £2,050 (2013 - £4,591) were reimbursed to one trustee (2013 - one).

Other related party transactions involving the trustees are set out in note 18.

10 Trustees', governors' and officers' insurance

In accordance with normal commercial practice, the College has purchased insurance to protect trustees, governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on College business. The insurance cover is up to £1,000,000 on any one claim and the cost for the year was £900 (2013 - £900).

The College also insures against any losses of money or goods resulting from fraud or dishonesty by College employees. The insurance provides cover up to £250,000 and the cost for the year was £3,954 (2013 - £3,843).

11 Tangible fixed assets

	Leasehold costs £	Freehold land £	Buildings £	Furniture and equipment £	Motor vehicles £	Total £
Cost						
At 1 September 2013	1,000,000	1,268,085	22,859,154	2,678,575	59,996	27,865,810
Additions	—	—	181,741	219,049	—	400,790
Assets written off	—	—	—	(122,860)	—	(122,860)
At 31 August 2014	1,000,000	1,268,085	23,040,895	2,774,764	59,996	28,143,740
Depreciation						
At 1 September 2013	100,000	—	8,414,626	2,010,624	59,996	10,585,246
Charge for year	20,000	—	460,101	308,297	—	788,398
Assets written off	—	—	—	(122,860)	—	(122,860)
At 31 August 2014	120,000	—	8,874,727	2,196,061	59,996	11,250,784
Net book values						
At 31 August 2014	880,000	1,268,085	14,166,168	578,703	—	16,892,956
At 31 August 2013	900,000	1,268,085	14,444,528	667,951	—	17,280,564

12 Investments

	2014 £	2013 £
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.

A summary of the results for the year and the balance sheet position at the year end 31 August 2013 of BCECS Ltd is shown below:

Profit and loss account	2013 £
Turnover	393,213
Expenditure	(264,786)
Interest receivable	84
Profit on ordinary activities before Gift Aid	128,511
Gift Aid to Bacon's College	(128,701)
Loss on ordinary activities after Gift Aid	(190)
Accumulated profit brought forward at 1 September 2012	15,523
Accumulated profit carried forward at 31 August 2013	15,333

Notes to the financial statements 31 August 2014

12 Investments (continued)

	2013 £
Balance sheet	
Tangible fixed assets	585
Net current assets	14,751
Net assets	15,336
Called up share capital	3
Profit and loss account	15,333
Shareholder's funds	15,336

The financial statements of BCECS Limited for the year ended 31 August 2014 weren't finalised at the time these financial statements were approved. Consequently the results for BCECS Limited have not been disclosed in these financial statements.

13 Debtors

	2014 £	2013 £
Amounts due from BCECS Ltd	13,767	114,135
Amount due from BCCS Ltd (note 18)	2,155	—
Sundry debtors	152,153	156,038
Prepayments	42,970	77,339
VAT recoverable	97,710	100,817
	308,755	448,329

14 Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	348,303	479,132
Taxation and social security	176,336	165,421
Accruals	25,055	66,035
Amounts due to BCCS Ltd (note 18)	4,323	1,088
Sundry creditors	173,004	84,732
	727,021	796,408

Notes to the financial statements 31 August 2014

15 Restricted funds

	Balance at 1 September 2013 £	Incoming resources £	Expenditure £	Gains, losses and Transfers £	Balance at 31 August 2014 £
General funds					
GAG (note 3)	410,311	8,374,780	(8,447,573)	(267,353)	70,165
Other Government grants	469,983	704,158	(881,292)	—	292,849
Devolved formula capital grant	105,137	22,039	—	—	127,176
	<u>985,431</u>	<u>9,100,977</u>	<u>(9,328,865)</u>	<u>(267,353)</u>	<u>490,190</u>
Other grants receivable					
. Table tennis coaching	7,894	—	(2,700)	—	5,194
. General Sports (SSCO)	30,071	—	—	—	30,071
. Table Tennis Club	680	—	—	—	680
. New Opportunities Fund (NOF)	34,866	—	—	—	34,866
. ASS&E Club income	779	—	(848)	—	(69)
. London Borough of Southwark	10,300	—	(8,000)	—	2,300
. School Games co-ordinator	6,977	50,423	(48,539)	—	8,861
. LPESSN	57,943	—	—	—	57,943
. Youth for Sports Trust	15,799	—	—	—	15,799
. Sports England	1,141	—	—	—	1,141
. Multi-Skills Club	286	—	—	—	286
. Awards for All	1,213	—	—	—	1,213
. Jack Petchy Foundation	10,971	1,800	(200)	—	12,571
. After school club's expenses	—	—	(3,436)	—	(3,436)
. Other restricted grants	147,947	2,385	(3,518)	—	146,814
	<u>326,867</u>	<u>54,608</u>	<u>(67,241)</u>	<u>—</u>	<u>314,234</u>
Pension reserve (note 8)	(668,600)	—	(75,400)	359,000	(385,000)
Total general funds	<u>643,698</u>	<u>9,155,585</u>	<u>(9,471,506)</u>	<u>91,647</u>	<u>419,424</u>
Fixed assets funds					
EFA capital grants	14,211,164	—	—	—	14,211,164
Private sector capital sponsorship					
. Southwark DBE	1,089,644	—	—	—	1,089,644
. London Docklands Development Corporation	2,992,010	—	—	—	2,992,010
. The Philip and Pauline Harris Charitable Trust	793,768	—	—	—	793,768
. Other	41,370	—	—	—	41,370
	<u>4,916,792</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,916,792</u>
Other funds for capital expenditure advanced by EFA and other Government grants	8,737,854	133,437	(122,860)	267,353	9,015,784
Accumulated depreciation	(10,585,246)	—	(665,538)	—	(11,250,784)
	<u>(1,847,392)</u>	<u>133,437</u>	<u>(788,398)</u>	<u>267,353</u>	<u>(2,235,000)</u>
Total fixed assets funds (note 11)	<u>17,280,564</u>	<u>133,437</u>	<u>(788,398)</u>	<u>267,353</u>	<u>16,892,956</u>
Total restricted funds	<u>17,924,262</u>	<u>9,289,022</u>	<u>(10,259,904)</u>	<u>359,000</u>	<u>17,312,380</u>

15 Restricted 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 2014 (see note 2).

During the year ended 31 August 2014, £267,353 2013 - £277,895) 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 Standards Fund. £218,304 of the fund balance relates to pupil premium funding.

Devolved formula capital grant

The devolved formula capital grant is received from the DfE for capital expenditure.

Table tennis coaching

This is partially funded via TTK and the London South Bank University and relates to a three year agreement for funding the services of a table tennis coach working at the College.

General Sports grant

These are additional funds received from various sources to help raise the standard of delivery of sports in primary schools.

Table tennis club

This relates to additional funding received from the Jack Petchy Foundation and other sources to help provide table tennis coaching in out-of-school hours.

New Opportunities Fund (NOF)

This relates to lottery funding to provide coaches for sporting clubs at the College which are run during out-of-school hours.

ASS&E Club income

This includes funding received from the Science Engineering Technology Network (SETNET) to help establish after school science and engineering clubs.

London Borough of Southwark

The London Borough of Southwark provides funding for students at the College with special educational needs requiring additional learning.

15 Restricted funds (continued)

School Games Co-ordinator

These relate to funds received from a government agency (ECROYS) to fund the employment of a school games organiser (SGO) to promote competitive sports in schools.

Youth for Sports Trust/Sports England

Government funding is received via the Youth for Sports Trust initiative for the provision of sports for local schools.

Multi-Skills Club

The fund is for a multi-skills club which includes training for schools' sports coordinators and students as well as a day camp for sports skills.

Awards for All (Joint Lottery Grants Programme)

This is funding for primary schools to access specialised sports coaches during out-of-school hours.

Jack Petchey Foundation

The Jack Petchey Foundation supports projects in London and Essex. This fund is to recognise the achievement of a selected student who gets to attend the Jack Petchey Awards Ceremony. The student is also given the opportunity to nominate a club or project they wish to support up to the value of £300.

Other restricted grants

This includes funds received specifically for smaller projects.

Pension reserve

The pension reserve balance is in relation to the FRS 17 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.

16 Analysis of net assets between funds

Fund balances at 31 August 2014 are represented by:

	Unrestricted general Funds £	Restricted general Funds £	Restricted fixed assets fund	Total £
Tangible fixed assets	—	—	16,892,956	16,892,956
Investments	3	—	—	3
Current assets	511,714	1,531,445	—	2,043,159
Current liabilities	—	(727,021)	—	(727,021)
Pension reserve	—	(385,000)	—	(385,000)
	511,717	419,424	16,892,956	17,824,097

17 Capital commitments

	2014 £	2013 £
Contracted for, but not provided in the financial statements	—	—

18 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 four governors of the College served as directors of BCCS Ltd during the year ended 31 August 2014. 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 £9,952 was charged by the College to BCCS Ltd in the year ended 31 August 2014 (2013 - £10,161) and a repayment of £20,000 (2013 - £30,000) 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 2014, BCCS Ltd owed the College £2,155 (2013 - £nil) and the College owed BCCS Ltd £4,323 (2013 - £1,088).

BCECS Ltd, the College's wholly owned trading company (see note 12), charged a management fee of £34,027 (2013 - £44,243) for the running of BCCS Ltd during the year. BCCS Ltd charged Bacon's College £34,027 (2013 - £44,243) for the use of facilities by the College pupils during the year.

Notes to the financial statements 31 August 2014

19 Reconciliation of net (expenditure) income to net cash (outflow) inflow from operating activities

	2014 £	2013 £
Net (expenditure) income for the year	(947,989)	395,057
Depreciation (note 11)	788,398	775,049
Capital grants from EFA and other capital income	(133,437)	(525,174)
Interest receivable (note 2)	(2,560)	(33,784)
Loan repayment receivable	(20,000)	(30,000)
FRS 17 pension cost charge (note 8)	90,400	107,000
FRS 17 finance charge (note 5)	(15,000)	1,000
Decrease in debtors	139,574	139,132
(Decrease) in creditors	(69,387)	(48,355)
Net cash (outflow) inflow from operating activities	(170,001)	779,925

20 Returns on investments and servicing of finance

	2014 £	2013 £
Interest received	2,560	33,784
Loan repayment received	20,000	30,000
Net cash inflow from returns on investment and servicing of finance	22,560	63,784

21 Capital expenditure

	2014 £	2013 £
Purchase of tangible fixed assets (note 11)	(400,790)	(803,069)
Capital grants from EFA	133,437	525,174
Net cash outflow from capital expenditure and financial investment	(267,353)	(277,895)

22 Analysis of changes in net funds

	At 1 September 2013 £	Cash flows £	At 31 August 2014 £
Short term deposits	487,181	806	487,987
Cash at bank and in hand	1,662,017	(415,600)	1,246,417
	2,149,198	(414,794)	1,734,404