

REGISTRAR OF COMPANIES

Bacon's College

Annual report and financial statements

31 August 2015

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

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Reference and administrative information

Trustees and members	Rev Canon David Peacock (Ex-Chair) (Resigned 31 August 2015) Mrs Caroline Donne (Appointed Chair 1 September 2015) Lord Harris of Peckham Mr Simon Hughes Rev Mark John Steadman (Resigned 8 July 2015) Mr Philip John Saunders
Governors	Mr Eugene O'Keeffe (Chairman) Mrs Debra Clinton (Parent Governor) Mr Darren Coghlan Mrs Caroline Donne Mr Paul Jacobs (Responsible Officer) (Resigned 31 August 2015) Dr Charlotte Kearns (Teacher Governor) (Appointed 26 November 2015) Mrs Juliette Marshall (Support Staff Governor) Mrs Jane Marwood Mr Paul Nancarrow (Teacher Governor) (Resigned 31 August 2015) Mrs Pamela Noble Rev Canon David Peacock (Resigned 31 August 2015) Mr Neil Spence Karl Williams (Appointed 1 September 2015)
Company Secretary	Mr Colin Powell
Senior Leadership Team	
Principal	Mr. Chris Mallaband (Appointed 1 September 2015)
Principal	Mr John Martin (Resigned 31 August 2015)
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
Registered Office	48 Union Street London SE1 1TD

Reference and administrative information

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 2015

The trustees present their report together with the audited financial statements for the year ended 31 August 2015. 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 30 to 33 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 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
Rev Canon D Peacock (Chairman)	Resigned 31 August 2015
Mrs Caroline Donne (Chair)	Appointed 1 September 2015
Lord Harris of Peckham	
Mr Simon Hughes	
Rev Mark John Steadman	Resigned 8 July 2015
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

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.

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 2015. 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 2015, 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.

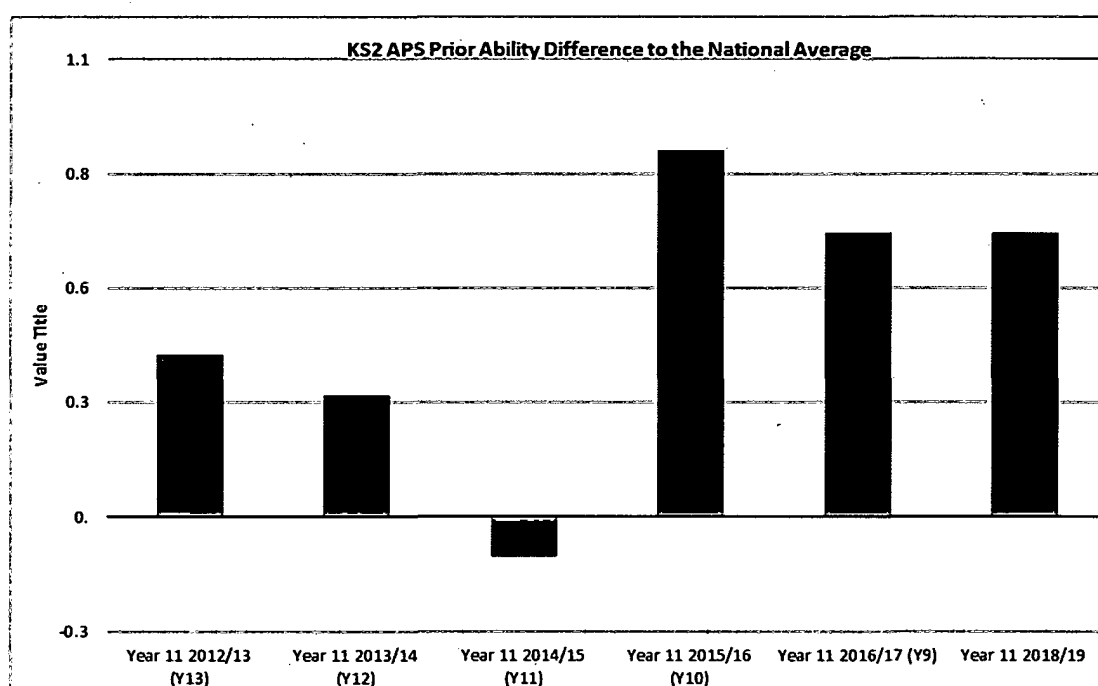
STRATEGIC REPORT

Achievements and performance

Y11 2014/15 cohort outcomes

Prior Ability:

The prior ability of the year 11 cohort was below the national average, and the lowest ability year group for several years.



Attainment

- ◆ 5ACEM: 60%. It is at the top of the FFT estimate Range (55-60) and a slight increase on the previous year (60%). 34 student got either a C+ in English but not in maths or vice versa, therefore missing out on 5ACEM. 7 of those students were expected to get 5ACEM, these 7 represent a 4% reduction in 5ACEM.
- ◆ Basics: 61% this includes students who have achieved a C or above grade in both English and maths. A slight increase on the previous year (60%), there is a very small gap between those achieving Basics and those achieving 5ACEM.
- ◆ APS Capped 8: 39.87 (C) a very slight increase on 2014.
- ◆ Attainment 8: 50.36 a very slight increase in the previous year.
- ◆ Ebac: 24.4% of students achieved the Ebac which is in line with the previous year.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Y11 2014/15 cohort outcomes (continued)

Progress

- ◆ APS English (40.48) and maths (39.95) are both in line with the previous year and are likely (pending national data) to be Sig+ in RAISE
- ◆ Progress 8: 0.13 a significant increase on the previous year (0.05).
- ◆ English progress: significant improvements in both 3 and 4 levels of progress. 75% (70%) of students achieved expected progress compared with the FFT estimate range 61-69%. 36% (29%) of students have achieved more than expected progress compared to the FFT estimate of 22-29%.
- ◆ Maths progress: in line with the previous year at 3LOP but a significant improvement at 4LOP. 71% (71%) of students achieved expected progress in Maths compared to the FFT estimate range of 57-64%. 33.5%, a significant increase on the previous year (28%), of students have achieved more than expected progress compared to the FFT estimate range of 18-24%
- ◆ Value Added Best 8: 1008.869 (994.1) a significant improvement on the previous year. This remains an estimate until national calculations have been published.

Sub group attainment:

Disadvantaged students:

- ◆ The disadvantaged cohort makes up 63.6% of the Year 11 cohort and significantly is 1.16 APS less able than the non-disadvantaged cohort based on prior attainment.
- ◆ The gap between FSM and Non-FSM students is small. In Progress 8 and capped 8 value added FSM students have performed better than Non-FSM students. Disadvantaged students' Progress 8 score has increased significantly from -0.02 in 2014 to 0.16 in 2015. Judgements about the national averages are not possible as data has not yet been published by the DfE, but the College's disadvantaged students are likely to again compare favourably to those nationally.
- ◆ The within school variation (gap) between disadvantaged and non-disadvantaged students has closed Ebac (12% to 6%) since last year, 5ACEM has slightly widened (5% to 8.5%). In other measures, where a gap exists it is relatively small. This would indicate that the Pupil Premium is being put to good use.
- ◆ The national gaps for last year were (Bacon's current year): 5ACEM (8.5%) 26%, Capped Value Added (-7.27) 30.1, Ebac (5.8) 9%.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Sub Group Attainment: (continued)

WBRI:

- ◆ The white British cohort makes up 30.7% of the Year 11 cohort and 0.02 APS less able than the whole cohort based on prior attainment.
- ◆ The within school variation (gap) between white British students and All students has closed at 5ACEM (14% to 4.6%) but the Ebac has widened (5% to 11.1%). The Value Added Capped 8 gap (40.5 to 41.95) has widened slightly since last year.
- ◆ The national gaps for last year were (Bacon's current year): 5ACEM (4.6%) 11%, Capped Value Added (41.95) 6.1, Ebac (11.1%) 4%.

Gender:

- ◆ The percentage split in the cohort between girls and boys is 40/60%. Boys are 0.13 APS more able than the girls based on KS2 prior attainment.
- ◆ The within school variation (gap) between boys and girls has narrowed at 5ACEM (10% to 2%), the Ebac has closed slightly (8% to 6.9%) since last year. The capped average point score gap has narrowed (23.1 to 3.34)
- ◆ The national gaps for last year were (Bacon's current year): 5ACEM (2%) 11%, Capped Value Added (37.75) 22.4, Capped Average Point Score (3.34) 28, Ebac (6.9%) 9%

Y13 2014/15 cohort outcomes

Prior ability:

- ◆ Although the cohort was less able than previous years, the results continued to increase.

2015 results compared to the previous year:

- ◆ The overall average grade for all qualifications rose from C+ to B- (229.21 to 232.49).
- ◆ The vocational average was in line with the previous year; 'Distinction' (223.21 to 222.35).

Compared to ALIS:

- ◆ The average grade for all qualifications was B- compared to ALIS's C+ (232.49 v 215.56).

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Y13 2014/15 cohort outcomes (continued)

Grade comparisons to ALIS (%) (vocational grades have been converted to equivalents)
actual v ALIS:

◆ A*: 8.7	v 0.0
◆ A: 20.3	v 2.1
◆ B: 29.7	v 28.7
◆ C: 23.1	v 49.2
◆ D: 14.4	v 19.5
◆ E: 2.8	v 0.5

Vocational subjects performed much better than ALIS achieving 'Distinction' compared to ALIS's 'Merit'.

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 net deficit for the year excluding the fixed assets fund and before gains and losses but after transfers was £186,559 (2014 - £560,381). The net movement in funds for the year after actuarial gain on FRS17 liability, was a deficit of £670,702 (2014 - £588,989).

At 31 August 2015, the net book value of tangible fixed assets was £16,299,813 (2014 - £16,892,956). 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 FRS17 pension liability in relation to the London Borough of Southwark Pension Scheme was £305,000 (2014 - £385,000) at the year end. Details of the pension scheme are given in note 9 of these financial statements.

STRATEGIC REPORT (continued)

Financial review (continued)

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;
- ◆ 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 2015, the College had total funds of £17,153,395 (2014 - £17,824,097). This comprised of £16,496,776 (2014 - £17,312,380) of total restricted funds and £656,619 of unrestricted general funds (2014 - £511,717). The pension reserve balance of £305,000 (2014 - £385,000), which is in deficit relates to the local government defined benefit scheme for non teaching staff (see note 9). 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.

STRATEGIC REPORT (continued)

Financial review (continued)

Reserves policy and financial position (continued)

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 £817,381 at 31 August 2015 (2014 - £874,731). The College trustees have agreed that the minimum level of free reserves should be £500,000. In the context of the reserves policy, the College's free reserves at 31 August 2015 were not deemed to be excessive.

Going concern

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

PLANS FOR THE FUTURE

Following the appointment of the new Principal in September 2015, the College is now evaluating its current performance and in the process of constructing a new medium term improvement plan. This will be based around the four Ofsted headings with one extra section:

- ◆ Teaching, learning and assessment – including sections on the appropriateness of curriculum; literacy across the College; common approaches to independent study, feedback and marking; creativity, challenge and enjoyment.
- ◆ Leadership and management – including the key role of SLT and middle leadership; effective self-evaluation and systems and routines to support its development.
- ◆ Personal development, behaviour and welfare – including the development of inclusive teaching strategies that will allow more young people to fully access learning.
- ◆ Outcomes – including strategies to raise attainment of all students and particularly of under-performing groups such as White British students.
- ◆ Making Bacon's College a rewarding and enjoyable place to study and work – including section on ethos, workload, care for students and staff.

The plan will be presented to SLT and then all staff for discussion and then for final approval to the governing body in January.

In future years, a medium plan will be developed and revised in the period April to June so that it is ready for implementation at the start of each academic year.

Trustees' report (including the strategic report) 31 August 2015

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
Company Secretary



Approved by the board on: 10/12/15

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	1	3
Rev Mark John Steadman	2	3
Mr Philip John Saunders	2	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	2	3
Darren Coghlan	2	3
Caroline Donne	1	3
Paul Jacobs	3	3
Juliette Marshall	1	3
Jane Marwood	2	3
Paul Nancarrow	2	3
Pamela Noble	2	3
Rev Canon David Peacock	3	3
Neil Spence	1	3

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 arranged for an external consultant to conduct a skills audit with the governors in January 2015. In turn, the College hopes to appoint additional governors in 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.

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	4	4
Paul Jacobs	3	4
Debra Clinton	3	4
Pamela Noble	3	4
Neil Spence	3	4
Eugene O'Keeffe	1	4

Review of value for money

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

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

Review of value for money (continued)

Raising standards

Bacon's College is a good school as evidenced by three inspections that have taken place over the last two academic years. In addition to inspection evidence, the recent examination results show a positive "value added" figure – there was a slight increase in the headline figure from the previous year but from a year group that was less able. This is good evidence that the strategic direction of the College is enabling student achievement and progress to increase.

Financial oversight and governance

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

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 & Human Resources 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 & Human Resources 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 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 2015 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 2015 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 risk and control framework (continued)

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 appointed Paul Jacobs as Responsible Officer ('RO') (resigned 31 August 2015). The RO's role includes giving advice on financial matters and performing a range of checks on the College's financial systems. On a termly basis, the RO will report to the governors on the operation of the systems of control and on the discharge of the trustees' and the governing body's financial responsibilities. As permitted by the Academies Financial Handbook, this task has been delegated to the external auditor. On a periodic basis, the external auditor reports to the RO on the operations of the system of control and on the discharge of the RO's financial responsibilities.

Governance reviews

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

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

The key findings were as follows:

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

The College intends to conduct a similar evaluation in the coming year to ensure consistency.

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 has responsibility for the development and maintenance of the internal control framework.

Governance statement 31 August 2015

Review of effectiveness (continued)

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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



Caroline Donne
(Chair of Trustees)



C Mallaband
(Principal and Accounting Officer)

Approved on:

10th December 2015

Statement on regularity, propriety and compliance 31 August 2015

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.



Chris Mallaband

Principal and Accounting Officer

Date: 10/12/15.

Statement of trustees' responsibilities 31 August 2015

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:



Caroline Donne

(Chair of Trustees)

Date: 10th December 2015

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 2015 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 2014/15 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 or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent auditor's report 31 August 2015

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 2015 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 2014 to 2015 issued by the EFA.

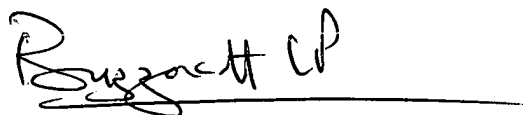
Opinion on other matter prescribed by the Companies Act 2006

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 2015

Independent reporting accountant's report on regularity 31 August 2015

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 2014 to 2015, 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 2014 to 31 August 2015 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 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 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 2015

Approach (continued)

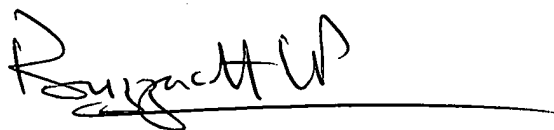
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the College's income and expenditure.

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 2014 to 31 August 2015 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 2015

Statement of financial activities Year to 31 August 2015

	Notes	Unrestricted general funds £	Restricted general funds £	Restricted fixed assets fund £	Total 2015 £	Total 2014 £
Income and expenditure and statement of total recognised gains and losses						
Incoming resources						
Incoming resources from generating funds						
. Voluntary income	2	128,452	26,647	—	155,099	—
. Investment income	3	14,166	55,000	—	69,166	27,512
Incoming resources from charitable activities						
. Funding for College's educational operations	4	—	9,026,886	—	9,026,886	9,234,414
Other income	5	2,284	61,646	—	63,930	64,989
Total incoming resources		144,902	9,170,179	—	9,315,081	9,326,915
Resources expended						
Charitable activities						
. College's educational operations	6	—	9,238,238	829,950	10,068,188	10,235,720
Governance costs	7	—	26,595	—	26,595	39,184
Total resources expended	8	—	9,264,833	829,950	10,094,783	10,274,904
Net incoming (outgoing) resources before transfers		144,902	(94,654)	(829,950)	(779,702)	(947,989)
Transfers between funds	16	—	(236,807)	236,807	—	—
Net incoming (outgoing) resources after transfers		144,902	(331,461)	(593,143)	(779,702)	(947,989)
Other recognised gains and losses						
Actuarial gain on defined benefit pension scheme	9	—	109,000	—	109,000	359,000
Net movement in funds		144,902	(222,461)	(593,143)	(670,702)	(588,989)
Balances brought forward						
at 1 September 2014		511,717	419,424	16,892,956	17,824,097	18,413,086
Balances carried forward						
at 31 August 2015		656,619	196,963	16,299,813	17,153,395	17,824,097

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

Balance sheet 31 August 2015

	Notes	2015 £	2015 £	2014 £	2014 £
Fixed assets					
Tangible fixed assets	12		16,299,813		16,892,956
Investments	13		3		3
			<u>16,299,816</u>		<u>16,892,959</u>
Current assets					
Debtors	14	351,168		308,755	
Short term deposits		501,289		487,987	
Cash at bank and in hand		<u>1,049,910</u>		<u>1,246,417</u>	
		<u>1,902,367</u>		<u>2,043,159</u>	
Creditors: amounts falling due within one year	15	<u>(743,788)</u>		<u>(727,021)</u>	
Net current assets			<u>1,158,579</u>		<u>1,316,138</u>
Net assets excluding pension liability			<u>17,458,395</u>		<u>18,209,097</u>
Pension scheme liability	9		<u>(305,000)</u>		<u>(385,000)</u>
Net assets including pension liability			<u>17,153,395</u>		<u>17,824,097</u>
Funds of the Academy:					
Restricted funds					
. Fixed assets fund	16		16,299,813		16,892,956
. General funds		501,963		804,424	
. Pension reserve	9	<u>(305,000)</u>		<u>(385,000)</u>	
	16		<u>196,963</u>		<u>419,424</u>
Total restricted funds			<u>16,496,776</u>		<u>17,312,380</u>
Unrestricted general funds			<u>656,619</u>		<u>511,717</u>
Total funds			<u>17,153,395</u>		<u>17,824,097</u>

The financial statements on pages 27 to 48 were approved by the trustees and are signed on their behalf by:



Caroline Donne
(Chair of Trustees)

Approved by the Board on: 10th December 2015

Company Registration Number: 02490773 (England and Wales)

Cash flow statement For the year ended 31 August 2015

	Notes	2015 £	2014 £
Net cash inflow (outflow) from operating activities	21	6,384	(170,001)
Returns on investments and servicing of finance	22	24,352	22,560
Capital expenditure	23	(213,941)	(267,353)
Decrease in cash	24	(183,205)	(414,794)

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 2014 to 2015 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 2015

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.

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 2015

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 9, 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.

1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the College was subject to limits at 31 August 2015 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 2015.

2 Voluntary income

	Unrestricted funds £	Restricted funds £	Total 2015 £	Total 2014 £
Gift Aid from BCECS Ltd	126,447	26,647	153,094	—
Other donations	2,005	—	2,005	—
	<u>128,452</u>	<u>26,647</u>	<u>155,099</u>	<u>—</u>

3 Investment income

	Unrestricted funds £	Restricted funds £	Total 2015 £	Total 2014 £
Bank interest receivable	4,352	—	4,352	2,560
Interest receivable on loan balance with BCCS Ltd (note 20)	9,814	—	9,814	9,952
FRS17 pension finance income (note 9)	—	55,000	55,000	15,000
	<u>14,166</u>	<u>55,000</u>	<u>69,166</u>	<u>27,512</u>

4 Funding for College's educational operations

	Unrestricted funds £	Restricted funds £	Total 2015 £	Total 2014 £
Grants receivable				
EFA GAG (note 16)	—	8,242,612	8,242,612	8,374,780
EFA capital grants				
Devolved formula	—	22,866	22,866	22,039
Other	—	—	—	133,437
Other EFA grants	—	646,247	646,247	597,214
Other Government grants	—	115,161	115,161	106,944
	<u>—</u>	<u>9,026,886</u>	<u>9,026,886</u>	<u>9,234,414</u>

5 Other income

	Unrestricted funds £	Restricted funds £	Total 2015 £	Total 2014 £
Music tuition fees	495	—	495	4,777
Sportswear sales	—	—	—	1,380
Digital equipment sale	—	—	—	4,224
School Games co-ordinator	—	49,660	49,660	50,423
Jack Petchey Foundation	—	1,800	1,800	1,800
Other	1,789	10,186	11,975	2,385
	<u>2,284</u>	<u>61,646</u>	<u>63,930</u>	<u>64,989</u>

6 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2015 £	Total 2014 £
Direct costs (note 8)				
Teaching and educational support staff costs	—	6,283,565	6,283,565	6,333,070
Maintenance	—	176,681	176,681	155,218
Occupancy	—	358,716	358,716	304,911
Education and other supplies	—	686,999	686,999	652,988
Examination fees	—	109,143	109,143	95,307
Educational consultancy	—	—	—	25,765
Depreciation	—	688,857	688,857	654,370
IT software and other expenditure	—	28,201	28,201	131,634
Pupil recruitment and support	—	89,925	89,925	27,839
	—	<u>8,422,087</u>	<u>8,422,087</u>	<u>8,381,102</u>
Support costs (note 8)				
Support staff costs**	—	988,351	988,351	1,092,569
Maintenance	—	36,186	36,186	31,792
Occupancy	—	73,473	73,473	62,452
Transport	—	4,216	4,216	17,680
Catering	—	119,367	119,367	150,791
Insurance	—	21,562	21,562	23,118
Depreciation	—	141,093	141,093	134,028
Other	—	261,853	261,853	342,188
	—	<u>1,646,101</u>	<u>1,646,101</u>	<u>1,854,618</u>
Total	—	<u>10,068,188</u>	<u>10,068,188</u>	<u>10,235,720</u>

** Support staff costs includes £84,000 charge (2014: £90,400 charge) in relation to the FRS17 liability.

7 Governance costs

	Unrestricted funds £	Restricted funds £	Total 2015 £	Total 2014 £
Legal and professional fees	—	1,375	1,375	1,195
Auditor's fees				
· Statutory audit	—	13,315	13,315	11,430
· Other services	—	7,373	7,373	6,538
Consultancy fees	—	—	—	17,971
Trustees' and governors' reimbursed expenses (note 10)	—	4,532	4,532	2,050
	—	26,595	26,595	39,184

8 Resources expended

	Staff costs (note 8) £	Other costs £	Subtotal £	Depreciation (note 12) £	Total 2015 £	Total 2014 £
College's educational operations						
· Direct costs (note 6)	6,283,565	1,449,665	7,733,230	688,857	8,422,087	8,381,102
· Support costs (note 6)	988,351	516,657	1,505,008	141,093	1,646,101	1,854,618
	7,271,916	1,966,322	9,238,238	829,950	10,068,188	10,235,720
Governance costs (note 7)	—	26,595	26,595	—	26,595	39,184
	7,271,916	1,992,917	9,264,833	829,950	10,094,783	10,274,904

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

Net expenditure for the year includes:

	2015 £	2014 £
Operating leases:		
· plant and machinery	33,066	24,800
Fees payable to auditor for:		
· audit	13,315	11,430
· other services	7,373	6,538

9 Staff

a) Staff costs

	GAG Expenditure £	Non-GAG Expenditure £	Total 2015 £	Total 2014 £
Wages and salaries	5,177,873	416,905	5,594,778	5,786,379
Social security costs	457,612	24,616	482,228	491,322
Pension costs	661,075	125,322	786,397	804,763
Other costs	408,513	—	408,513	343,175
	6,705,073	566,843	7,271,916	7,425,639

Pension costs include a FRS 17 charge of £84,000 (2014: charge of £90,400). This is included within non-GAG expenditure.

b) Staff numbers

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

	2015	2014
College's educational operations		
Teachers	69	73
Administration and support	59	73
Management	25	24
Hourly paid	9	9
	162	179

c) Higher paid staff

11 employees (2014 - 10) 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:

	2015	2014
£60,001 - £70,000	6	5
£70,001 - £80,000	2	2
£80,001 - £90,000	2	2
£140,001 - £150,000	—	1
£160,001 - £170,000	1	—

10 (2014 - 9) of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2015, pension contributions for these staff amounted to £112,672 (2014 - £97,073). The other employee participated in the Local Government Pension Scheme, pension contributions amounted to £11,199 (2014 - £12,493).

9 Staff (continued)

d) Pension costs

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-teacher staff; which is managed by the London Borough of Southwark. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £ 100,504 (2014: £107,482) were payable to the schemes at 31 August 2015 and are included within creditors.

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

	2015 £	2014 £
Teachers' Pension Scheme (TPS)	549,922	526,942
London Borough of Southwark Pension Scheme (LGPS)	152,475	187,421
	702,397	714,363
FRS 17 charge	84,000	90,400
Pension costs to the College	786,397	804,763

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.

Valuation of the Teachers' Pension Scheme

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

9 Staff (continued)

d) Pension costs (continued)

Teacher's Pension Scheme (TPS) (continued)

Valuation of the Teachers' Pension Scheme (continued)

- ◆ employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 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 year, the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to the TPS in the year amounted to £549,922 (2014 - £526,942).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The College 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.

e) Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The employers contribution made for the year ended 31 August 2015 amounted to £152,475.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of College closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

9 Staff (continued)

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

Assumptions

The major assumptions used by the actuary were:

	2015 % per annum	2014 % per annum
Retail Price Index inflation	3.1%	3.1%
Consumer Price Index (CPI) inflation	2.0%	2.1%
Salary increase	3.5%	3.6%
Rate of discount	3.8%	3.7%
Rate of revaluation of pension accounts	2.0%	2.1%
Rate of increase in pensions in payment and deferred pensions	2.0%	2.1%

The mortality assumptions used were as follows:

	2015 years	2014 years
Longevity at age 65 for current pensioners		
Men	21.9	21.8
Women	26.4	26.3
Longevity at age 65 for future pensioners		
Men	24.0	23.9
Women	28.7	28.6

The assets of the scheme were:

	Asset split at 31 August 2015 %	Asset split at 31 August 2014 %
Equities	63.6	64.8
Property	14.9	13.7
Government bonds	10.8	10.6
Corporate bonds	9.8	9.9
Cash	0.9	1.0

Movement in net deficit during year:

	2015 £'000	2014 £'000
Net deficit in scheme at 1 September	(385)	(669)
Movement in year:		
Employer service cost (net of employee contributions)	(298)	(258)
Employer contributions	214	168
Net interest on assets	55	15
Actuarial gain	109	359
Net deficit in scheme at 31 August	(305)	(385)

9 Staff (continued)

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

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Scheme liabilities	(3,567)	(3,201)	(2,785)	(2,223)	(1,552)
Fair value of scheme assets	3,262	2,816	2,116	1,595	1,190
Deficit in the scheme	(305)	(385)	(669)	(628)	(362)

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

	2015 £'000	2014 £'000
Current service cost	(298)	(258)
Interest cost on scheme liabilities	(126)	(133)
Expected return on scheme assets	181	148
Employer contributions	214	168
Total expenditure recognised in SOFA	(29)	(75)

The total amount recognised in the statement of total recognised gains and losses was an actuarial gain of £109,000 (2014: £359,000).

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

	2015 £'000	2014 £'000
Scheme liabilities at 1 September	(3,201)	(2,785)
Current service cost	(298)	(258)
Interest cost	(126)	(133)
Contributions by scheme participants	(101)	(76)
Actuarial gain	148	42
Net benefits paid out	11	9
Scheme liabilities at 31 August	(3,567)	(3,201)

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

	2015 £'000	2014 £'000
Fair value of scheme assets at 1 September	2,816	2,116
Expected return on scheme assets	181	148
Actuarial (loss) gain	(39)	317
Contributions by employer	214	168
Contributions by scheme participants	101	76
Net benefits paid out	(11)	(9)
Fair value of scheme assets at 31 August	3,262	2,816

9 Staff (continued)

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

	2015 £	2014 £	2013 £	2012 £	2011 £
Experience adjustment on scheme assets	(39,000)	317,000	(51,000)	(234,000)	(247,800)
Experience adjustment on scheme liabilities	148,000	42,000	118,000	35,000	181,500
Actuarial gain (loss) on the scheme	109,000	359,000	67,000	(199,000)	(66,300)

The employers contributions are estimated to be £217,000 for the year ended 31 August 2016.

10 Trustees' and governors' emoluments and expenses

During the year ended 31 August 2015, travel and subsistence expenses totalling £4,532 (2014 - £2,050) were reimbursed to one trustee (2014 – one).

Other related party transactions involving the trustees are set out in note 20.

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

	Leasehold costs £	Freehold land £	Buildings £	Furniture and equipment £	Motor vehicles £	Total £
Cost						
At 1 September 2014	1,000,000	1,268,085	23,040,895	2,774,764	59,996	28,143,740
Additions	—	—	2,976	233,831	—	236,807
At 31 August 2015	1,000,000	1,268,085	23,043,871	3,008,595	59,996	28,380,547
Depreciation						
At 1 September 2014	120,000	—	8,874,727	2,196,061	59,996	11,250,784
Charge for year	20,000	—	460,160	349,790	—	829,950
At 31 August 2015	140,000	—	9,334,887	2,545,851	59,996	12,080,734
Net book values						
At 31 August 2015	860,000	1,268,085	13,708,984	462,744	—	16,299,813
At 31 August 2014	880,000	1,268,085	14,166,168	578,703	—	16,892,956

13 Investments

	2015 £	2014 £
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 2015 of BCECS Ltd is shown below:

Profit and loss account	2015 £	2014 £
Turnover	503,913	460,533
Expenditure	(439,769)	(372,455)
Interest receivable	539	178
Profit on ordinary activities before Gift Aid	64,683	88,256
Gift Aid to Bacon's College	(64,676)	(88,418)
Profit (loss) on ordinary activities after Gift Aid	7	(162)
Accumulated profit brought forward at 1 September 2014	15,171	15,333
Accumulated profit carried forward at 31 August 2015	15,178	15,171

Balance sheet	2015 £	2014 £
Tangible fixed assets	—	187
Net current assets	15,178	14,987
Net assets	15,178	15,174
Called up share capital	3	3
Profit and loss account	15,175	15,171
Shareholder's funds	15,178	15,174

14 Debtors

	2015 £	2014 £
Amounts due from BCECS Ltd	88,756	13,767
Amount due from BCCS Ltd (note 20)	986	2,155
Sundry debtors	14,378	66,756
Prepayments and accrued income	186,232	128,367
VAT recoverable	60,816	97,710
	351,168	308,755

15 Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	352,022	348,303
Taxation and social security	139,212	176,336
Accruals and deferred income	36,003	25,055
Amounts due to BCCS Ltd (note 20)	—	4,323
Sundry creditors	216,551	173,004
	743,788	727,021

16 Restricted funds

	Balance at 1 September 2014 £	Incoming resources £	Expenditure £	Gains, losses and Transfers £	Balance at 31 August 2015 £
General funds					
GAG (note 4)	70,165	8,242,612	(8,172,335)	(86,765)	53,677
Other Government grants	292,849	761,408	(947,172)	—	107,085
Devolved formula capital grant	127,176	22,866	—	(150,042)	—
	490,190	9,026,886	(9,119,507)	(236,807)	160,762
Other grants receivable					
. Table tennis coaching	5,194	—	—	—	5,194
. General Sports (SSCO)	30,071	—	—	—	30,071
. New Opportunities Fund (NOF)	34,866	—	—	—	34,866
. London Borough of Southwark	2,300	—	—	—	2,300
. School Games co-ordinator	8,861	49,660	(60,347)	—	(1,826)
. LPESSN	57,943	26,647	—	—	84,590
. Youth for Sports Trust	15,799	—	—	—	15,799
. Sports England	1,141	—	—	—	1,141
. Awards for All	1,213	—	—	—	1,213
. Jack Petchy Foundation	12,571	1,800	(979)	—	13,392
. Other restricted grants	144,275	10,186	—	—	154,461
	314,234	88,293	(61,326)	—	341,201
Pension reserve (note 9)	(385,000)	55,000	(84,000)	109,000	(305,000)
Total general funds	419,424	9,170,179	(9,264,833)	(127,807)	196,963
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
	4,916,792	—	—	—	4,916,792
Other funds for capital expenditure advanced by EFA and other Government grants	9,015,784	—	—	236,807	9,252,591
Accumulated depreciation	(11,250,784)	—	(829,950)	—	(12,080,734)
	2,681,792	—	(829,950)	236,807	2,088,649
Total fixed assets funds (note 12)	16,892,956	—	(829,950)	236,807	16,299,813
Total restricted funds	17,312,380	9,170,179	(10,094,783)	109,000	16,496,776

16 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 2015 (see note 1).

During the year ended 31 August 2015, £86,765 (2014 - £267,353) 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. £27,726 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.

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.

London Borough of Southwark

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

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.

London PE Schools Sport Network (LPSSN)

Funds are generated through the LPSSN 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.

16 Restricted funds (continued)

Youth for Sports Trust

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

Awards for All

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.

17 Analysis of net assets between funds

Fund balances at 31 August 2015 are represented by:

	Unrestricted general Funds £	Restricted general Funds £	Restricted fixed assets fund	Total £
Tangible fixed assets	—	—	16,299,813	16,299,813
Investments	3	—	—	3
Current assets	656,616	1,245,751	—	1,902,367
Current liabilities	—	(743,788)	—	(743,788)
Pension reserve	—	(305,000)	—	(305,000)
	656,619	196,963	16,299,813	17,153,395

18 Capital commitments

	2015 £	2014 £
Contracted for, but not provided in the financial statements	79,500	—

19 Financial commitments

Operating leases

At 31 August 2015, the College has annual commitments under non-cancellable operating leases as follows:

	2015 £	2014 £
Other		
expiring within two and five years inclusive	33,066	33,066

20 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 2015. Bacon's College does not however control BCCS Ltd. Therefore, the College has not consolidated BCCS Ltd within these financial statements. At 31 August 2009, the College was owed £674,984 by BCCS Ltd. However, this amount was fully provided for as the College deemed it unlikely to be recoverable in the foreseeable future. Interest of £9,814 was charged by the College to BCCS Ltd in the year ended 31 August 2015 (2014 - £9,952) and a repayment of £20,000 (2014 - £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 2015, BCCS Ltd owed the College £986 (2014 - £2,155) and the College owed BCCS Ltd £nil (2014 - £4,323).

BCECS Ltd, the College's wholly owned trading company (see note 13), charged a management fee of £39,896 (2014 - £34,027) for the running of BCCS Ltd during the year. BCCS Ltd charged Bacon's College £39,896 (2014 - £34,027) for the use of facilities by the College pupils during the year.

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

	2015 £	2014 £
Net expenditure for the year	(779,702)	(947,989)
Depreciation (note 12)	829,950	788,398
Capital grants from EFA and other capital income	(22,866)	(133,437)
Interest receivable (note 3)	(4,352)	(2,560)
Loan repayment receivable	(20,000)	(20,000)
FRS 17 staff cost charge (note 9)	84,000	90,400
FRS 17 pension finance income (note 9)	(55,000)	(15,000)
(Increase) decrease in debtors	(42,413)	139,574
Increase (decrease) in creditors	16,767	(69,387)
Net cash inflow (outflow) from operating activities	6,384	(170,001)

22 Returns on investments and servicing of finance

	2015 £	2014 £
Interest received	4,352	2,560
Loan repayment received	20,000	20,000
Net cash inflow from returns on investment and servicing of finance	24,352	22,560

23 Capital expenditure

	2015 £	2014 £
Purchase of tangible fixed assets (note 12)	(236,807)	(400,790)
Capital grants from EFA (note 4)	22,866	133,437
Net cash outflow from capital expenditure and financial investment	(213,941)	(267,353)

24 Analysis of changes in net funds

	At 1 September 2014 £	Cash flows £	At 31 August 2015 £
Short term deposits	487,987	13,302	501,289
Cash at bank and in hand	1,246,417	(196,507)	1,049,910
	1,734,404	(183,205)	1,551,199