

BAYLIS COURT SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

LANDAU BAKER LIMITED

& Chartered Accountants

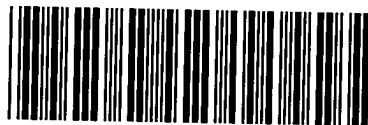
Mountcliff House

154 Brent Street

London

NW4 2DR

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BAYLIS COURT SCHOOL
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2014**

Trustees/Directors

Mrs D AJose, Headteacher^{1,2}
Mr N Afzal, Parent Governor (appointed 22 October 2013)¹
Mrs S Ali, Parent Governor¹
Mrs S Bate, Staff Governor (resigned 15 October 2013)¹
Mrs L Blair, Parent Governor (appointed 28 November 2013)¹
Mrs R Followell, Community Governor (resigned 31 August 2014)^{1,2}
Ms A Kane, Staff Governor (appointed 28 November 2013)¹
Mrs V Mayer, Community Governor¹
Mr D Morris, Vice Chair^{1,2}
Mrs C Parkes, Community Governor¹
Mr J M Reekie, Chairman^{1,2}
Mrs A Silvester, Staff Governor¹
Mrs S Sadig, Parent Governor (resigned 8 November 2013)

¹ Director

² Trustee

Company registered number

07662414

Principal and registered office

Gloucester Avenue, Slough, Berkshire, SL1 3AH

Company secretary

Mrs Lisa James

Chief executive officer

Mrs D AJose

Independent auditors

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

Bankers

Lloyds TSB, Slough Trading Estates, Business Centre, Lloyds TSB Business Bankings, PO Box 1000, BX1 1LT

Solicitors

Winckworth Sherwood, Minerva House, 5 Montague Close, London, SE1 9BB

BAYLIS COURT SCHOOL
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2014

The trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the period from 1 September 2013 to 31 August 2014.

Baylis Court School has had another very successful year as the examination results section of this report demonstrates with amongst the best ever results to date and the continued reputation of being the best non selective Secondary Schools in Slough despite the other local schools improving their results year on year. A considerable effort is put into achieving these results and the Directors pay tribute to the leadership of the school and the way in which the whole staff has made their own enthusiastic contribution.

The functions of the Governing Body have been carried out very effectively under the committee structure led by very able committee Chairs. It is also acknowledged that all Directors play their part in challenging the school to achieve even higher results. Directors are conscious that results are not the only measure of success of the school. It is evident that the pupils are also a strength of the school. The way in which Baylis Court School works as one harmonious and strong educational establishment makes the voluntary efforts of the Directors so very worthwhile and a pleasure to be associated with the preparation of our young girls for the world beyond Baylis Court School.

Structure, governance and management

a. CONSTITUTION

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Baylis Court School are also the directors of the charitable company for the purposes of company law. The charitable company is known as Baylis Court School.

Details of the trustees who served during the year are recorded on page 1 in the Reference and Administrative Details.

b. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

c. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The management of the academy is the responsibility of the governors who are elected and co-opted under the terms of the Articles of Association which allows for not less than 3 and are not subjected to a maximum but the current limit agreed by the Trust is 11 governors with appointments as follows:

- 3 Parent governors are elected by a ballot of parents of registered pupils in the school
- The Headteacher is an ex-officio governor
- 5 Community governors appointed by the governing body
- 2 Staff governors appointed by the governing body
- Co-opted, additional and further governors may be appointed by the governing body but there are none at present in this role.

d. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

The majority of the governors have many years' experience of school governance and four of the current governors served on the Foundation School governing body prior to achieving Academy status. New governors are required to attend an induction training course. Further training and development is identified

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

in relation to whole Governing Body needs

A matrix is maintained of required knowledge/skills to match the school's needs, those already covered by governors and notes of possible training.

e. ORGANISATIONAL STRUCTURE

The Headteacher is the Principal Accounting Officer. A document headed 'Delegated Powers' was approved by the governing body on 19.9.13 and this specifies where responsibility for major decision lies. Levels of delegation are:-

- Level 1: Full governing body
- Level 2: A committee of the governing body
- Level 3: An individual governor
- Level 4: Headteacher.

The Terms of Reference for each committee approved by the governing body set out the extent to which they are able to operate and minutes of their meetings are circulated to all governors at full governing body meetings.

f. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

There are no 'Related Party Relationships' and no formally connected organisations.

g. RISK MANAGEMENT

The Governors have assessed the major risks to which the academy is exposed, in particular those related to the operations and finances of the academy, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks. A risk register has been completed and all issues identified as above "low" risk have been reviewed in detail and, where necessary, appropriate responsibilities, monitoring and procedures have been agreed. The academy has an effective system of internal financial controls and this is explained in more detail in the statement on internal control.

h. TRUSTEES' INDEMNITIES

There are no qualifying third party indemnity provisions.

i. PRINCIPAL ACTIVITIES

The Academy Trust's object is specifically restricted to advance for the public benefit education in England, in particular by maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum. It fulfils this by providing education for female pupils aged 11 to 16 and male and female students from 16 to 19 across Slough.

Objectives and Activities

a. OBJECTS AND AIMS

The academy has the object and aim to be the first choice school for girls in Slough and to extend the educational opportunities for girls that come to this school.

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

The main objectives for the coming year are:-

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

GCSE targets:-

85% Pupils 5 A* - C

75% 5 A* - C including English and Mathematics

90% 3+ levels of progress – English

50% 4+ levels of progress – English

90% 3+ levels of progress – Mathematics

60% 4+ levels of progress – Mathematics

340 Average Point Score - (Best 8)

Sixth Form:-

95% at least 3 A Levels - A* - E

100% at least 2 A Levels - A* - E

Average Total Point Score: 730

Average Point Score per student: 220

Attendance:- 96.5%

c. ACTIVITIES FOR ACHIEVING OBJECTIVES

Additional classrooms are needed and planning permission has been applied for. Funds have been reserved to complete an extension to the Arts Block.

Links with other schools are continue with a view to broadening the educational opportunities for Baylis girls and to share some of the good practice at Baylis Court School with local primary and secondary schools.

d. PUBLIC BENEFIT

In setting the objectives, the governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education. In this regard, we run outside of the normal school day opportunities for our pupils getting ready for examinations. The Headteacher is actively involved in the Slough Association of Secondary Heads (SASH) which brings together all Headteachers in Slough (both selective and non-selective) who work to benefit education across Slough. Through this organisation a Slough Learning Partnership has been set up with full time staff to assist the work of SASH and to take on some of the work formerly undertaken by the LA. The Headteacher is also an active member of the Berkshire Association of Secondary Heads (BASH) and this extends the sharing of best practice over a wider area than Slough.

Strategic report

Achievements and performance

a. GOING CONCERN

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

b. KEY FINANCIAL PERFORMANCE INDICATORS

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

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

On 17 August 2011 the academy inherited a staff body through the TUPE process. This staff body included membership of the Local Government Pension Scheme (LGPS), and the deficit on conversion at 1 August 2011 of £587,000 relating to members was transferred.

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

c. REVIEW OF ACTIVITIES

Achievements and Performance

Results on August 2014 were among the best ever for the school:-

71% GCSE 5A*-C including English and Mathematics

98% GCSE 5A*-G.

AS results:

94% Pass Rate With

11% of students achieving 3 AS Levels A-B

A2 results:-

97% pass rate A* - E with students achieving 3 A Levels A* - E. 5.7% of Students achieved 3 A levels A* - B

28.6% of Students achieved 2 A Levels A*-B

In addition to reports on specific issues of achievement and performance at Governor's Committee meetings, the Full Governing Body receives a comprehensive report from the Headteacher at its termly meeting. The Chair of Governors meets frequently with the Headteacher to review progress on key objectives and to discuss strategy.

d. INVESTMENT POLICY AND PERFORMANCE

Funds surplus to day to day requirements are invested in Lloyds Bank Plc in short term or medium term accounts in order to earn interest for the benefit of school funds. There are no social, environmental or ethical considerations necessary to take into account.

Financial review

a. PRINCIPAL RISKS AND UNCERTAINTIES

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

b. RESERVES POLICY

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

Reserves of £14,389,561 are held as at 31 August 2014. The school has insufficient accommodation for its growing numbers and during this financial year has obtained planning permission to build further classrooms adjoining the Jon Reekie Arts Centre building. The estimated cost of the initial extension is £1,400,000. An application for funding was made to the EFA but was unsuccessful. It is intended to make a further application in the next round but in the meantime we are proceeding towards the building of additional accommodation with the funding envelope available to the existing school reserves. In addition facilities for the provision of gym are inadequate and reserve funds need to be provided to supplement grants that will be sought in the future. The Governors will keep the level of reserves under review.

Plans for the future

FUNDS HELD AS CUSTODIAN

There are no funds held on behalf of other organisations including charities.

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

This report, incorporating the Strategic report, was approved by order of the board of Directors, in their capacity as company directors, on 26 November 2014 and signed on its behalf by:



Mr J M Reekie, Chairman
Chair of Trustees

BAYLIS COURT SCHOOL
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, we acknowledge we have overall responsibility for ensuring that Baylis Court School has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of Directors has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform to 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 Baylis Court School and the Secretary of State for Education. They are also responsible for reporting to the board of Directors any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Trustees' responsibilities statement. The board of Directors has formally met 6 times during the year. Attendance during the year at meetings of the board of Directors (including Committee meetings) was as follows:

Trustee	Meetings attended	Out of a possible
Mrs D A Jose, Headteacher	12	14
Mr N Afzal, Parent Governor	4	5
Mrs S Ali, Parent Governor	4	7
Mrs S Bate, Staff Governor	2	2
Mrs L Blair, Parent Governor	4	5
Mrs R Followell, Community Governor	17	17
Ms A Kane, Staff Governor	6	7
Mrs V Mayer, Community Governor	10	13
Mr D Morris, Vice Chair	10	15
Mrs C Parkes, Community Governor	6	7
Mr J M Reekie, Chairman	12	12
Mrs A Silvester, Staff Governor	9	10
Mrs S Sadig, Parent Governor	1	2

The Finance and Resources Committee is a sub-committee of the main board of Directors. Its purpose is to make sure that the academy is following the EFA's financial regulations, to set budgets and review income and expenditure against the budget during the course of the financial year.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs D A Jose	2	3
Mrs R Followell	3	3
Mrs V Mayer	1	3
Mr D Morris	1	3
Mr J Reekie	3	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 academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Baylis Court School for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

GOVERNANCE STATEMENT (continued)

CAPACITY TO HANDLE RISK

The board of Directors has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks that has been in place for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Directors ;
- regular reviews by the Finance and Resources 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.
- An Audit Committee has been formed to advise the Directors on risk issues, review of the reports of the Responsible and the Management Letter from the Auditors.

The appointee's role, known as Responsible Officer, includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a quarterly basis, the appointee reports to the board of Directors on the operation of the systems of control and on the discharge of the board of Directors ' financial responsibilities.

SAFEGUARDING

Governors take the matter of Safeguarding very seriously and an agenda item covering this is scheduled for each of the Full Governing Body meetings. It also features in the subject matter for Pupil Support Committee meetings. The Headteacher and the Chair are in the process of renewing their Safer Recruitment certification and all staff undertake Level 2 safeguard training/certification. A number of staff also are certified to Level 3.

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 external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

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Approved by order of the members of the board of Directors on 26 November 2014 and signed on their behalf,
by:



Mr J M Reekie, Chairman
Chairman



Mrs D A Jose, Headteacher
Accounting Officer

BAYLIS COURT SCHOOL
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Baylis Court School I have considered my responsibility to notify the academy board of Directors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2012).

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

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



Mrs D Ajose, Headteacher
Accounting Officer

Date: 26 November 2014

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TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

The Trustees (who act as governors of Baylis Court School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report (including the Strategic report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by order of the members of the board of Directors on 26 November 2014 and signed on its behalf by:



Mr J M Reekie, Chairman
Chair of Trustees

BAYLIS COURT SCHOOL
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BAYLIS COURT SCHOOL

We have audited the financial statements of Baylis Court School for the year ended 31 August 2014 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently 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.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BAYLIS COURT SCHOOL

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Michael Durst (Senior statutory auditor)

for and on behalf of

Landau Baker Limited

Chartered Accountant

Mountcliff House
154 Brent Street
London
NW4 2DR
26 November 2014

BAYLIS COURT SCHOOL
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INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO BAYLIS COURT SCHOOL AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 31 October 2011 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Baylis Court School during the year 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 Baylis Court School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Baylis Court School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Baylis Court School and the EFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF BAYLIS COURT SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING AUDITORS

The accounting officer is responsible, under the requirements of Baylis Court School's funding agreement with the Secretary of State for Education dated 29 July 2012, and the Academies Financial Handbook extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 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 year 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 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.

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

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Michael Durst (Senior statutory auditor)

for and on behalf of

Landau Baker Limited

Chartered Accountant

Mountcliff House
154 Brent Street
London
NW4 2DR

26 November 2014

BAYLIS COURT SCHOOL
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STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2014

		Restricted funds	Restricted fixed asset funds	Total funds	Total funds
	Note	2014 £	2014 £	2014 £	2013 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Incoming resources from charitable activities	2	5,977,645	-	5,977,645	6,489,478
TOTAL INCOMING RESOURCES		5,977,645	-	5,977,645	6,489,478
RESOURCES EXPENDED					
Charitable activities		5,512,135	436,266	5,948,401	6,471,397
Governance costs	3	6,750	-	6,750	7,025
TOTAL RESOURCES EXPENDED	6	5,518,885	436,266	5,955,151	6,478,422
NET INCOME BEFORE TRANSFERS		458,760	(436,266)	22,494	11,056
Transfers between Funds	17	(113,320)	113,320	-	-
NET INCOME FOR THE YEAR		345,440	(322,946)	22,494	11,056
Actuarial gains and losses on defined benefit pension schemes		(175,000)	-	(175,000)	(70,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		170,440	(322,946)	(152,506)	(58,944)
<i>Total funds at 1 September 2013</i>		<i>658,363</i>	<i>13,883,704</i>	<i>14,542,067</i>	<i>14,601,011</i>
TOTAL FUNDS AT 31 AUGUST 2014		828,803	13,560,758	14,389,561	14,542,067

All activities relate to continuing operations.

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

The notes on pages 19 to 36 form part of these financial statements.

BAYLIS COURT SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 07662414

BALANCE SHEET
AS AT 31 AUGUST 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	13		13,560,758		13,883,705
CURRENT ASSETS					
Stocks	14	-		2,520	
Debtors	15	101,592		56,044	
Cash at bank and in hand		2,187,206		1,636,209	
			2,288,798	1,694,773	
CREDITORS: amounts falling due within one year	16	(268,995)		(102,411)	
NET CURRENT ASSETS			2,019,803		1,592,362
TOTAL ASSETS LESS CURRENT LIABILITIES			15,580,561		15,476,067
Defined benefit pension scheme liability	20		(1,191,000)		(934,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			14,389,561		14,542,067
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	17	2,019,803		1,592,363	
Restricted fixed asset funds	17	13,560,758		13,883,704	
Restricted funds excluding pension liability		15,580,561		15,476,067	
Pension reserve		(1,191,000)		(934,000)	
Total restricted funds			14,389,561		14,542,067
TOTAL FUNDS			14,389,561		14,542,067

The financial statements were approved by the Trustees, and authorised for issue, on 26 November 2014 and are signed on their behalf, by:



Mr J M Reekie, Chairman
Chair of Trustees

The notes on pages 19 to 36 form part of these financial statements.

BAYLIS COURT SCHOOL
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CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	2014 £	2013 £
Net cash flow from operating activities	19	550,997	(327,239)
INCREASE/(DECREASE) IN CASH IN THE YEAR		<u>550,997</u>	<u>(327,239)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2014

	2014 £	2013 £
Increase/(Decrease) in cash in the year	550,997	(327,239)
MOVEMENT IN NET FUNDS IN THE YEAR	550,997	(327,239)
Net funds at 1 September 2013	1,636,209	1,963,448
NET FUNDS AT 31 AUGUST 2014	<u>2,187,206</u>	<u>1,636,209</u>

The notes on pages 19 to 36 form part of these financial statements.

BAYLIS COURT SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

1.3 Incoming resources

All incoming resources are included in the Statement of financial activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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

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

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

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

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

BAYLIS COURT SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

1.4 Resources expended

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

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

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

1.6 Tangible fixed assets and depreciation

All assets costing more than £2,000 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy's depreciation policy.

A review for impairment of fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property- Building	-	straight line based on estimated useful life
Motor vehicles	-	33% straight-line basis
Fixtures and fittings	-	100% straight line basis
Computer equipment	-	50% straight-line basis

BAYLIS COURT SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

1.7 Stocks

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

1.8 Taxation

The academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

BAYLIS COURT SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

1.9 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 20, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

2. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Restricted funds 2014 £	Total funds 2014 £	<i>Total funds 2013 £</i>
Educational Operations	5,977,645	5,977,645	<i>6,489,478</i>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
General Annual Grants	5,563,983	5,563,983	5,757,723
SEN	41,726	41,726	54,583
Pupil Premium	237,750	237,750	264,403
Other Government Grants	1,200	1,200	32,424
Capital Grants	-	-	158,661
Other Income	39,784	39,784	82,450
Catering Income	33,879	33,879	91,180
Trips Income	16,635	16,635	23,754
Bank Interest	4,079	4,079	3,714
Miscellaneous income	10,374	10,374	20,586
Other EFA Grants	28,235	28,235	-
	<u>5,977,645</u>	<u>5,977,645</u>	<u>6,489,478</u>

3. GOVERNANCE COSTS

	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Governance Auditors' remuneration	<u>6,750</u>	<u>6,750</u>	<u>7,025</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

4. DIRECT COSTS

	Educational Operational £	Total 2014 £	<i>Total 2013 £</i>
Pension finance costs	40,000	40,000	28,000
Educational supplies	274,629	274,629	329,876
Supply Agency Costs	253,575	253,575	103,514
Maintenance of premises	86,856	86,856	88,844
Staff development	45,204	45,204	27,907
Repairs & maintenance	8,828	8,828	29,550
Insurance	53,031	53,031	49,099
ICT Curriculum	47,146	47,146	44,905
Water & Rates	10,393	10,393	19,445
Capital expenditure	7,475	7,475	12,449
Other expenses	91,751	91,751	17,502
Wages and salaries	2,805,640	2,805,640	2,906,141
National insurance	230,172	230,172	238,987
Pension cost	368,758	368,758	377,217
Depreciation	436,266	436,266	778,407
Subtotal	<u>4,759,724</u>	<u>4,759,724</u>	<u>5,051,843</u>
Other direct costs	-	-	(1)
	<u><u>4,759,724</u></u>	<u><u>4,759,724</u></u>	<u><u>5,051,842</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

5. SUPPORT COSTS

	Support Operational £	Total 2014 £	Total 2013 £
Educational supplies	(13,690)	(13,690)	(2,273)
Supply Agency Costs	12,554	12,554	11,064
Advertising & Recruitment	15,524	15,524	24,693
Maintenance of premises	4,467	4,467	2,425
Staff development	3,696	3,696	8,410
Repairs & maintenance	43,135	43,135	46,328
Insurance	5,094	5,094	11,018
ICT Admin	34,376	34,376	52,642
Catering supplies	88,405	88,405	88,406
Water & Rates	6,790	6,790	5,620
Gas & Electricity	67,126	67,126	81,148
School trips	30,282	30,282	29,823
Legal & professional	34,577	34,577	153,733
Cleaning	10,634	10,634	9,610
Telephone	14,533	14,533	11,753
Security & transport	6,821	6,821	5,964
Other expenses	35,383	35,383	42,248
Bank charges	157	157	119
Wages and salaries	627,501	627,501	550,580
National insurance	37,895	37,895	40,948
Pension	123,417	123,417	245,296
	<u>1,188,677</u>	<u>1,188,677</u>	<u>1,419,555</u>

6. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2014 £	Depreciation 2014 £	Other costs 2014 £	Total 2014 £	Total 2013 £
Educational Operations	3,404,570	436,266	918,888	4,759,724	5,051,842
Support costs - Educational Operatio	788,813	-	399,864	1,188,677	1,419,555
Charitable activities	<u>4,193,383</u>	<u>436,266</u>	<u>1,318,752</u>	<u>5,948,401</u>	<u>6,471,397</u>
Governance	-	-	6,750	6,750	7,025
	<u>4,193,383</u>	<u>436,266</u>	<u>1,325,502</u>	<u>5,955,151</u>	<u>6,478,422</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

7. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2014 £	Support costs 2014 £	Total 2014 £	Total 2013 £
Educational Operations	<u>4,759,724</u>	<u>1,188,677</u>	<u>5,948,401</u>	<u>6,471,397</u>

8. NET INCOME

This is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets: - owned by the charity	436,266	778,408
Auditors' remuneration	6,750	7,025
Governance Internal audit costs	-	-
	<u> </u>	<u> </u>

BAYLIS COURT SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

9. STAFF COSTS

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	3,433,141	3,456,720
Social security costs	268,067	279,935
Other pension costs (Note 20)	492,175	622,513
	<u>4,193,383</u>	<u>4,359,168</u>

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

	2014 No.	2013 No.
Teachers	62	53
Teaching assistants	15	12
Admin	19	14
Management	10	10
	<u>106</u>	<u>89</u>

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

	2014 No.	2013 No.
In the band £70,001 - £80,000	2	1
In the band £100,001 - £200,000	1	1
	<u>3</u>	<u>2</u>

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. The value of trustees remuneration was as follows:

10. TRUSTEES' REMUNERATION AND EXPENSES

BAYLIS COURT SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the academy in respect of their role as Trustees. The value of Trustees' remuneration fell within the following bands:

	2014 £	2013 £
D Ajose - governor	105,000-110,000	100,000-105,000
S Bate - governor	40,000-45,000	35,000-40,000
A Silvester - governor	15,000-20,000	5,000-10,000

During the year, no Trustees received any reimbursement of expenses (2013 - £NIL).

11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2014 was £874.00 (2013 - £2,309.92).

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

12. PENSION FINANCE COSTS

	2014 £	2013 £
Expected return on pension scheme assets	42,000	28,000
Interest on pension scheme liabilities	(82,000)	(56,000)
	<u>(40,000)</u>	<u>(28,000)</u>

13. TANGIBLE FIXED ASSETS

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £
Cost				
At 1 September 2013	14,385,463	19,828	167,873	146,394
Additions	-	-	9,734	103,585
At 31 August 2014	<u>14,385,463</u>	<u>19,828</u>	<u>177,607</u>	<u>249,979</u>
Depreciation				
At 1 September 2013	628,695	9,950	133,871	63,337
Charge for the year	301,773	6,609	40,591	87,293
At 31 August 2014	<u>930,468</u>	<u>16,559</u>	<u>174,462</u>	<u>150,630</u>
Net book value				

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

13. TANGIBLE FIXED ASSETS (continued)

At 31 August 2014	<u>13,454,995</u>	<u>3,269</u>	<u>3,145</u>	<u>99,349</u>
At 31 August 2013	<u>13,756,768</u>	<u>9,878</u>	<u>34,002</u>	<u>83,057</u>
				Total
				£
Cost				
At 1 September 2013				14,719,558
Additions				113,319
At 31 August 2014				<u>14,832,877</u>
Depreciation				
At 1 September 2013				835,853
Charge for the year				436,266
At 31 August 2014				<u>1,272,119</u>
Net book value				
At 31 August 2014				<u>13,560,758</u>
At 31 August 2013				<u>13,883,705</u>

14. STOCKS

	2014	2013
	£	£
Finished goods and goods for resale	<u>-</u>	<u>2,520</u>

15. DEBTORS

	2014	2013
	£	£
Other debtors	41,878	56,044
Prepayments and accrued income	59,714	-
	<u>101,592</u>	<u>56,044</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

16. CREDITORS:
Amounts falling due within one year

	2014 £	2013 £
Trade creditors	180,374	66,586
Other creditors	-	12,500
Accruals and deferred income	88,621	23,325
	<u>268,995</u>	<u>102,411</u>

17. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Restricted funds						
Restricted Funds - all funds	1,592,363	5,977,645	(5,436,885)	(113,320)	-	2,019,803
Pension reserve	(934,000)	-	(82,000)	-	(175,000)	(1,191,000)
	<u>658,363</u>	<u>5,977,645</u>	<u>(5,518,885)</u>	<u>(113,320)</u>	<u>(175,000)</u>	<u>828,803</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	13,883,704	-	(436,266)	113,320	-	13,560,758
Total restricted funds	<u>14,542,067</u>	<u>5,977,645</u>	<u>(5,955,151)</u>	<u>-</u>	<u>(175,000)</u>	<u>14,389,561</u>
Total of funds	<u>14,542,067</u>	<u>5,977,645</u>	<u>(5,955,151)</u>	<u>-</u>	<u>(175,000)</u>	<u>14,389,561</u>

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

Restricted Fixed Assets Funds are resources to be spent on particular capital purposes, restricted funds are resources for educational purposes, unrestricted funds are resources for general purposes.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Restricted funds	658,363	5,977,645	(5,518,885)	(113,320)	(175,000)	828,803
Restricted fixed asset funds	13,883,704	-	(436,266)	113,320	-	13,560,758

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	13,560,758	13,560,758	13,883,705
Current assets	2,288,798	-	2,288,798	1,694,773
Creditors due within one year	(268,995)	-	(268,995)	(102,411)
Provisions for liabilities and charges	(1,191,000)	-	(1,191,000)	(934,000)
	828,803	13,560,758	14,389,561	14,542,067

19. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Net incoming resources before revaluations	22,494	11,056
Depreciation of tangible fixed assets	436,266	-
Decrease in stocks	2,518	-
(Increase)/decrease in debtors	(45,546)	4,249
Increase/(decrease) in creditors	166,584	(266,808)
Fixed assets additions	(113,319)	(143,736)
FRS 17 adjustments	82,000	68,000
Net cash inflow/(outflow) from operations	550,997	(327,239)

20. PENSION COMMITMENTS

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Royal County of Berkshire Fund. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 August 2012.

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

20. PENSION COMMITMENTS (continued)

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act.

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

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service

BAYLIS COURT SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

20. PENSION COMMITMENTS (continued)

Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £169,000, of which employer's contributions totalled £120,000 and employees' contributions totalled £49,000. The agreed contribution rates for future years are 17.8% for employers and 5.5 - 11.4% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding local government pension scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

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

The amounts recognised in the Balance sheet are as follows:

	2014 £	2013 £
Present value of funded obligations	(2,025,000)	(1,688,000)
Fair value of scheme assets	834,000	754,000
	<u>(1,191,000)</u>	<u>(934,000)</u>
Net liability	<u>(1,191,000)</u>	<u>(934,000)</u>

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

	2014 £	2013 £
Current service cost	(178,000)	(161,000)
Interest on obligation	(82,000)	(56,000)
Expected return on scheme assets	42,000	28,000
Losses on curtailments and settlements	16,000	-
	<u>(202,000)</u>	<u>(189,000)</u>
Total	<u>(202,000)</u>	<u>(189,000)</u>
Actual return on scheme assets	<u>77,000</u>	<u>51,000</u>

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

	2014 £	2013 £
Opening defined benefit obligation	1,688,000	1,337,000
Current service cost	178,000	161,000
Interest cost	82,000	56,000
Contributions by scheme participants	49,000	43,000
Actuarial Losses	111,000	95,000
Losses on curtailments	4,000	-
Liabilities extinguished on settlements	(66,000)	-
Benefits paid	(21,000)	(4,000)
	<u>2,025,000</u>	<u>1,688,000</u>
Closing defined benefit obligation	<u>2,025,000</u>	<u>1,688,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

20. PENSION COMMITMENTS (continued)

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

	2014 £	2013 £
Opening fair value of scheme assets	754,000	541,000
Expected return on assets	42,000	28,000
Actuarial gains	(64,000)	25,000
Contributions by employer	120,000	121,000
Contributions by employees	49,000	43,000
Benefits paid	(21,000)	(4,000)
Settlement proceeds received/(paid)	(46,000)	-
	<u>834,000</u>	<u>754,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £404,000 (2013 - £229,000).

The academy expects to contribute £110,000 to its Defined benefit pension scheme in 2015.

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

	2014	2013
Equities	43.00 %	42.00 %
Gilts	1.00 %	1.00 %
Bonds	15.00 %	21.00 %
Property	12.00 %	9.00 %
Cash	3.00 %	1.00 %
Alternative Assets	- %	26.00 %
Target Return Portfolio	17.00 %	- %
Commodities	9.00 %	- %
Infrastructure	4.00 %	- %
Longevity Insurance	(4.00)%	- %

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

	2014	2013
Discount rate for scheme liabilities	3.90 %	4.70 %
Rate of increase in salaries	4.50 %	4.85 %
Rate of increase for pensions	2.70 %	2.90 %
Inflation assumption (CPI)	2.70 %	2.90 %
RPI Increase	3.50 %	3.70 %

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

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

	2014	2013
Retiring today		
Males	22.7	23.1
Females	26.0	25.7
Retiring in 20 years		
Males	24.9	25.1
Females	28.3	27.6

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2014	2013
	£	£
Defined benefit obligation	(2,025,000)	(1,688,000)
Scheme assets	834,000	754,000
Deficit	(1,191,000)	(934,000)
Experience adjustments on scheme liabilities	(111,000)	(95,000)
Experience adjustments on scheme assets	(64,000)	25,000

21. OPERATING LEASE COMMITMENTS

At 31 August 2014 the academy had annual commitments under non-cancellable operating leases as follows:

	2014	2013
	£	£
Expiry date:		
Within 1 year	1,192	1,192
Between 2 and 5 years	8,356	10,516

22. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

There were no related party transactions during the period.