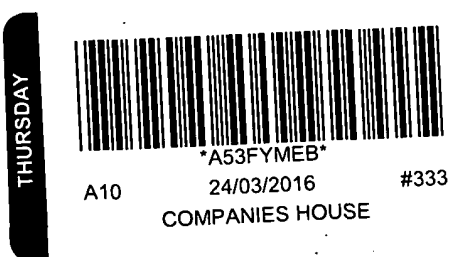


REGISTERED COMPANY NUMBER: 00624273 (England and Wales)
REGISTERED CHARITY NUMBER: 307937

GOVERNORS' REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015
FOR
BETHANY SCHOOL



BETHANY SCHOOL

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FOR THE YEAR ENDED 31 AUGUST 2015**

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BETHANY SCHOOL

GOVERNORS' REPORT (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 AUGUST 2015

The Governors, who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2015. The Governors have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

00624273 (England and Wales)

Registered Charity number

307937

Registered office

Curtisden Green
Goudhurst
CRANBROOK
Kent
TN17 1LB

Governors

R J Stubbs BSocSc MMRS
R J Walden
D R Boniface MA MSc
Mrs A K Carboni MA
R C Clark BA MD(Ed)
Ms A Culley Cert Ed Ox
J M Fenn LLB
R Pilbeam
M L Hammerton BSc (Hons) MBA
Dr J R W Hangartner MB BS MBA FRCPATH
Mrs W S Kent
N P Kimber BSc (Hons) FCA
A Pengelly MA FRCS
Ms R A Bates
D B M Jackson MA ACMA AMCT
A Cunningham

Chairman from July 2015
Vice Chairman and Treasurer

- resigned 24.6.15 (Chairman to June 2015)
- resigned 1.4.15
- resigned 7.3.15
- appointed 14.6.15

Headmaster

F Healy BSc HDipEd NPQH

Bursar and Company Secretary

S J Douglass

Auditors

Wells Associates
10 Lonsdale Gardens
Tunbridge Wells
Kent
TN11 1NU

Bankers

National Westminster Bank
Corporate Business Centre
Longford House
19 Mount Ephraim
Tunbridge Wells
Kent TN4 8AE

BETHANY SCHOOL

GOVERNORS' REPORT (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 AUGUST 2015

REFERENCE AND ADMINISTRATIVE DETAILS – continued

Bank of Scotland
Teviot House
41 South Gyle Crescent
Edinburgh
EH12 9DR

Solicitors

Pengelly & Rylands
39-41 High Street
Tenterden
Kent
TN30 6BJ

Investment Advisors

Rathbone Investment Management Limited
Port of Liverpool Building
Pier Head
Liverpool
L3 1NW

The charity is governed by its Memorandum and Articles of Association dated 26 March 1959 which were amended by Special Resolution dated 6 March 2010.

STRUCTURE, GOVERNANCE AND MANAGEMENT

None of the Governors has any beneficial interest in the company. All the Governors are members of the company and guarantee to contribute £1 in the event of a winding up.

The main Sub Committee of the Governors is the Management Committee which meets once a month to discuss the day to day matters concerned with the running of the School. Major items are passed to the Main Board for discussion with the Management Committee's recommendations. The Chairman, Treasurer, Mrs R Bates (until resignation), M Hammerton, Mrs W Hedges (Kent) and R Clark sit on this Committee with the Headmaster and Bursar in attendance.

The other permanent Sub Committees are the Remuneration Committee, which meets annually (and at other times if necessary) to discuss salaries, the Finance Committee and the Succession Committee, which meets 'as required' to discuss the succession for Governors and Senior School appointments. The Remuneration Committee is chaired by the Treasurer, and the members are Mrs R Bates (until resignation), M Hammerton and J M Fenn with the Headmaster and Bursar in attendance. The Finance Committee is chaired by the Treasurer, with D Jackson (until resignation), N Kimber and J Fenn as members. The Succession Committee, which met during the year to select a new chairman was chaired by Mrs R Bates and D Boniface and Mrs A Culley are members. The following School Committees, which have Governor representation met during the year:

Marketing Committee
ICT Committee
Education Committee

RECRUITMENT, INDUCTION AND TRAINING

During the year, A Pengelly attended the AGBIS Conference and AGM, the AGBIS Seminar for Chairmen and the AGBIS Hays McIntyre seminar. R Stubbs attended the AGBIS seminar for Chairs and Vice Chairs and the CCW Governors seminar, R J Walden attended the CCW Governors seminar. M Hammerton completed the AGBIS e learning course. R Clark attended the ISI Schools Abroad seminar. A Pengelly, R Walden, Mrs R Bates and R Stubbs attended a conflict resolution seminar. All other Governors were made aware of briefing documents provided by AGBIS, ISBA and other recognised bodies. R J Walden and the Bursar attended regular briefings and meetings with the School Auditors.

BETHANY SCHOOL

GOVERNORS' REPORT (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 AUGUST 2015

RECRUITMENT, INDUCTION AND TRAINING - continued

A Cunningham received induction briefings as a new Governor.

Governors are recruited with due consideration to their likely effectiveness as a trustee, their empathy with the spirit of the School and any particular field of expertise that is required on the Board at the time. There is no stated policy of Governor recruitment.

RISK

The Governors have assessed the major risks to which the School is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

AIMS AND OBJECTIVES

The Charity provides education to boys and girls, committed to providing young people with an education for life in a changing world set on the firm foundation of Christian values.

It is our policy for the School to help pupils achieve their highest academic potential as well as providing an extra curricular programme which aims to develop life long interests and to help build self confidence and a desire to contribute to the community.

The School aims to play its part in the wider community including making facilities available to selected outside bodies.

The School aims to give means tested financial assistance to the parents of some pupils who might otherwise find the full fee a limiting factor to sending their sons and daughters to the School. In conjunction with this aim, the School continues to develop its Endowment Fund.

The School aims to build relationships with educational establishments in the Maintained Sector.

Whilst the physical development of the School is regulated by the planning authorities, the School is conscious of its impact on the local community and is therefore seeking ways to communicate better with them.

The governors have due regard to the Charity Commission's published general and sub-sector guidance concerning the operation of the public benefit requirement under the Charities Act 2011.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

In the 2014 school year, there were 352 pupils in the School (2013 – 367) of whom 130 were boarders (2011 – 119). The Sixth Form remained buoyant with a total of 113 pupils. The School continued to recruit boarding pupils from a broad range of countries and broadened the geographical diversity with pupils from Australia and Africa, thus expanding the international base.

The numbers sitting Year7 entrance examinations were particularly high and the conversion rate remained very encouraging.

Girls numbers continue to account for one third of the pupil population.

The examination results were once again particularly pleasing. At A level, the overall pass rate was 99% This is all the more laudable when one considers our broad range of students' academic abilities and almost all went onto their chosen universities many of which are members of the Russell Group. Our Art School tradition of sending excellent creative candidates to prestigious Art foundation courses continues.

BETHANY SCHOOL

GOVERNORS' REPORT (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 AUGUST 2015

ACHIEVEMENTS AND PERFORMANCE – continued

Our GCSE results were once again very encouraging with our more able pupils achieving the highest grades and in overall terms our pupils maintained the trend of achieving higher results than the national norms. This can be directly attributed to the hard work of our diligent pupils and professional staff.

We have continued to focus on the development of Teaching and Learning through the creation and implementation of a unique school philosophy of learning entitled 'The Bethany Virtue of Learning – developing learning habits'. This has centred on the whole school community focusing on a range of learning habits for pupils - persist, engage, react, question and reflect; for teachers – be consistent, encourage autonomy, be ambitious, be collaborative, encourage connections; for parents - be realistic, be supportive, be aware, be informed and be involved. We have sought to emphasise these in the classroom, in tutor time and in whole school assemblies. This has been underpinned by work done by staff on developing a growth mindset which is entirely in concert with the 'Bethany Virtue of Learning.' Further to this, staff are engaged in action based research through collaborative 'Professional Learning Communities' in Outdoor Learning, Learning Technologies, Assessment and Feedback, Meeting Individual Learning Needs and the Virtue of Learning.

The School remains committed to offering a wide range of academic and practical subjects so that the needs and talents of its Sixth Form pupils are met in full.

The extensive extracurricular programme continues to go from strength to strength. Outdoor education has become a focus and some very effective and enjoyable outdoor learning takes place in specially adapted lessons. On average there are circa 20 activities to choose from on a typical activity weekday afternoon and, therefore, the choice is broad and balanced and is constantly reviewed.

This past year has seen Bethany organise master classes for nine and ten year old pupils and they were an outstanding success. Topics covered included Outdoor Education, This Unfair World, Dance, Design Technology and Drama.

The School production this year was Sweeney Todd and it was very well received with copious amounts of superlatives used to describe the production.

In late February, Bethany welcomed the Noble prize winner, Professor Sir Tim Hunt, to the sixth form cultural society meeting – The Pengelly Society. He spoke about cell division and all present were hugely impressed with his eloquence.

Music has continued its growth and diversity. One third of pupils learn an instrument and there is a wide variety of musical activities on offer at both individual and group level. The joint Bethany Brenchley Choral Society performed Faure's Requiem in March 2015.

The Competitive House System continues to flourish. The number and variety of main events continued to increase and very strong interest from both pupils and parents was maintained. The atmosphere at these community events continues to be all inclusive and contributes greatly to the supportive atmosphere of the School. The Tug of War, Talent Show and House Shout were just some of the many highlights.

The School celebrated St George's Day on Thursday 23rd April and in the process raised several hundred pounds for the Great Ormond Street Children's Hospital in London.

The Duke of Edinburgh's Award Scheme continues to be well supported by the pupils. There are circa 100 pupils enrolled in the scheme at Bronze, Silver and Gold levels.

The Christian life of the School remains central to all that is good at Bethany. The lay chaplain continues to actively involve the pupils in a range of inclusive Christian activities. The variety of teaching staff, speakers and outside guests was maintained and the competitive houses' chapel services are now well established and are hugely popular.

BETHANY SCHOOL

GOVERNORS' REPORT (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 AUGUST 2015

ACHIEVEMENTS AND PERFORMANCE – continued

The School continues to add funds to its Christopher Jackson Endowment Fund, which is committed to helping families and pupils who would benefit from the type of education we provide, but who would be unable to afford full fees. Two such pupils receive such scholarships. 8.6% of gross fee income was awarded in means tested bursaries and scholarship awards.

FINANCIAL REVIEW

The Charity raises its funds from fees and related activities, and has not engaged in appeals for many years. Although a new post of Development Manager has recently been appointed, with the aim of raising the School's fund raising profile. Up until now developments are either financed from surpluses after ordinary expenditure, or by borrowing under strict rules to ensure that even in the face of a significant national financial crisis leading to a downturn in pupil numbers the borrowing could be repaid in less than 10 years.

The total incoming resources were £6.772 million (2014 £6.651 million) and the resources expended were £5.815 million (2014 £6.019 million) which gave a surplus for the year of £ 957k (2014 £632k) after depreciation but before accounting for gains / losses on investment assets. This was used to reduce borrowing resulting from previous investment in improved resources. School fees were increased broadly in line with inflation.

The value of investments in the Endowment Fund at 31 August 2015 was £2.188 million and the movement on investments during the year was a loss of £31 k.

At the end of the financial year the Loan Account balance was £2.433 million, which reflects past investment in building projects.

Reserves Policy

The School holds all reserves in the form of fixed assets including housing. Should it be necessary to call upon these, the houses could be sold individually without detriment to the School's operation.

Investment Powers, Policy and Performance.

The trustees' investment powers are governed by the trust deed, which permits the School's funds to be invested in any investment, security or property as may be thought fit. The School's investments in quoted shares form part of the Endowment Fund. In addition Rathbones have been appointed to manage an investment portfolio for the School. The managed investment portfolios have achieved the objectives of steady growth throughout the year.

Bursary Policy

This year the Charity awarded Scholarships and Bursaries in excess of £620k (8.6% of fees income) from unrestricted funds. The Governors' policy in line with that of most other independent schools, is to award Scholarships on the basis of ability and Bursaries on the basis of need.

All Bursaries are means tested on application by an external assessment company.

Asset cover for funds

Notes 18-20 set out an analysis of the assets attributable to the various funds and a description of the trusts. These assets are sufficient to meet the Charity's obligations on a fund by fund basis.

BETHANY SCHOOL

GOVERNORS' REPORT (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 AUGUST 2015

COMMUNITY LINKS AND PUBLIC BENEFIT

Throughout the year the School has continued to foster and expand links with the local community. The Duke of Edinburgh Award Scheme has assisted the Hospice in the Weald and the local Cheshire Home. The School has held various fund raising activities in support of chosen charities, which have included Jeans for Genes, Kent Air Ambulance, Guide Dogs for the Blind, British Heart Foundation and MacMillan Cancer relief and the Commonwealth Community Trust among others.

As the School is in a rural location without a large local community or any nearby large towns, most links are with the villages in the local area.

The School premises were made available to local organisations who wished to take advantage of them, including church groups, the local Chamber Music Society and the Royal British Legion.

The School were very disappointed that the Planning Authority put a restriction on the use of the swimming pool to Bethany School only, thus preventing outside agencies such as local schools coming in to use it. This restriction was applied as a direct result of opposition from some local residents.

The following organisations which offer education to young people have used School facilities this year:

International Language School (4 weeks during July 2015)
Crusader Christian Youth Camp (2 weeks during August 2015)
Staplehurst Monarchs Football Club (evenings throughout the year).
Goudhurst Junior Football Club. (evenings throughout the year).
Royal Yachting Association. (Youth Squad Days during November 2014)

The School offered 8.6 % of fees income in Scholarships, Bursaries and Fees subsidies.

51	Pupils received Means Tested Bursaries of which 15 were for 50% of fees, 15 were 30% -49% and 21 were for under 29%
27	Pupils received a Sibling Discount (10%)
3	Pupils received fees subsidies from external Charitable Trusts
83	Pupils received Scholarships - Music, Drama Sport Academic and CDT of 10 – 20%
2	Pupils received Services or Clergy bursaries (10%).

DEVELOPMENTS AND FUTURE PLANS

The Governors decided that after 3 years of financial consolidation, several projects would be undertaken this year.

Building started on:

A new 25m x 6 lane indoor swimming pool - completion due February 2016.
Fitness Centre (to replace the changing room taken over as plant room for the swimming pool) – completion due March 2016
Extension to Sixth Form Centre – completion due March 2016.

Other refurbishment works were carried out in the Orchard and Kendon Houses. The internal refurbishment of the Chapel, which included lighting and painting was completed. Full modernisation of the Reception Area in the Admin Building was completed in July 2015

In line with the School policy of renovating accommodation where necessary on hand over of staff, several units of staff housing, including Rondo, Providence Cottage and Meadow View had minor refurbishment during the year.

BETHANY SCHOOL

GOVERNORS' REPORT (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 AUGUST 2015

DEVELOPMENT AND FUTURE PLANS – continued

Planning consent for an Artificial Pitch has been obtained but the project has been put on hold pending availability of funds.

In view of the uncertain national and international financial situations, and the recent expenditure of developments, the Governors have decided that there will be no more major new projects in 2015/16.

REPORTABLE INCIDENTS

During the year there were 2 instances of allegations of Historic Abuse made against now retired members of staff, dating back to the 1970s and 1980s. This has been reported to Charity Commission previously. It appears that the police investigations are complete and the two individuals concerned will be going to trial during 2016.

AUDITORS

A resolution proposing that Wells Associates be auditors for 2015/16 was put to the Trustees at the AGM and was agreed.

DISCLOSURE OF INFORMATION TO AUDITORS

The Governors (who are also the directors of Bethany School for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the Governors are required to

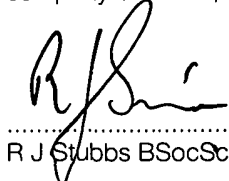
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on an going concern basis unless it is inappropriate to presume that the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

The Governors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to 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

Insofar as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Governors' Report, incorporating the strategic report, was approved by the Board of Governors, as the company directors, on *5 MARCH 2016* and signed on the board's behalf by:



.....
R J Stubbs BSocSc MMRS – Chairman

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BETHANY SCHOOL

We have audited the financial statements of Bethany School for the year ended 31 August 2015 on pages ten to twenty five. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Governors and auditors

As explained more fully in the Statement of Governors' Responsibilities set out on page three, the Governors (who are also the directors of the charitable company 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 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 Governors' Report (incorporating the strategic 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 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;
- 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.

Opinion on other matter prescribed by the Companies Act 2006

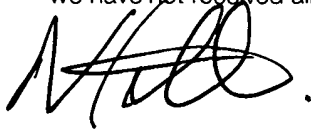
In our opinion the information given in the Governors' Report (incorporating the strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
BETHANY 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 Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Nigel Fellows (Senior Statutory Auditor)
for and on behalf of Wells Associates
Statutory Auditors**

10 Lonsdale Gardens
Tunbridge Wells
Kent
TN1 1NU

Date: 5/3/16

BETHANY SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2015

		Unrestricted fund	Restricted fund	Endowment fund	2015 Total funds	2014 Total funds as restated
	Notes	£	£	£	£	£
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary income - donations		30,000	-	-	30,000	50,000
Investment income	2	69,456	-	49,986	119,442	132,962
Incoming resources from charitable activities	3	6,638,179	-	(15,483)	6,622,696	6,468,775
Total incoming resources		6,737,635	-	34,503	6,772,138	6,651,737
RESOURCES EXPENDED						
Costs of generating funds						
Finance costs	4	17,425	-	6,238	23,663	23,342
		17,425	-	6,238	23,663	23,342
Net incoming/(outgoing) resources available for charitable application		6,720,210	-	28,265	6,748,475	6,628,395
Charitable activities						
Education		5,739,453	-	19,886	5,759,339	5,975,189
Governance Costs		32,322	-	-	32,322	21,007
Total resources expended		5,789,200	-	26,124	5,815,324	6,019,538
NET INCOMING RESOURCES BEFORE TRANSFERS		948,435	-	8,379	956,814	632,199
Gross transfers between funds	17	(50,000)	50,000	-	-	-
Net incoming/(outgoing) resources before other recognised gains and losses		898,435	50,000	8,379	956,814	632,199
Other recognised gains/losses						
Gains/losses on investment assets		-	-	(31,122)	(31,122)	60,165
Net movement in funds		898,435	50,000	(22,743)	925,692	692,364

BETHANY SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES - CONTINUED (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 AUGUST 2015

	Notes	Unrestricted fund £	Restricted fund £	Endowment fund £	2015 Total funds £	2014 Total funds as restated £
RECONCILIATION OF FUNDS						
Total funds brought forward		10,090,783	100,000	2,210,899	12,401,682	11,709,318
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUNDS CARRIED FORWARD		<u>10,989,218</u>	<u>150,000</u>	<u>2,188,156</u>	<u>13,327,374</u>	<u>12,401,682</u>

CONTINUING OPERATIONS

All income and gains for the period are recognised above. All of the company's activities are classified as continuing. The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

BETHANY SCHOOL

BALANCE SHEET AT 31 AUGUST 2015

	Notes	2015 £	2014 as restated £
FIXED ASSETS			
Tangible assets	8	12,348,903	11,525,160
Investments	9	<u>962,851</u>	<u>963,829</u>
		13,311,754	12,488,989
CURRENT ASSETS			
Stocks	10	15,867	22,778
Debtors	11	297,147	98,015
Cash at bank	12	<u>3,740,723</u>	<u>4,003,367</u>
		4,053,737	4,124,160
CREDITORS Amounts falling due within one year			
	13	<u>(1,804,426)</u>	<u>(1,782,591)</u>
NET CURRENT ASSETS		<u>2,249,311</u>	<u>2,341,569</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		15,561,065	14,830,558
CREDITORS Amounts falling due after more than one year	15		
		<u>(2,233,691)</u>	<u>(2,428,876)</u>
NET ASSETS		<u>13,327,374</u>	<u>12,401,682</u>
FUNDS	20		
Unrestricted funds		10,989,218	10,090,783
Restricted funds		150,000	100,000
Endowment funds		<u>2,188,156</u>	<u>2,210,899</u>
TOTAL FUNDS		<u>13,327,374</u>	<u>12,401,682</u>

The financial statements are prepared in accordance with the special provisions of the Companies Act 2006 relating to medium sized companies.

The financial statements were approved by the Board on 5 MARCH 2016 and were signed on its behalf by:


R J Stubbs BSocSc MMRS-Chairman

BETHANY SCHOOL

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015**

		2015	2014 as restated
	Notes	£	£
Net cash inflow from operating activities	1	1,082,609	1,165,408
Returns on investments and servicing of finance	2	12,762	17,945
Capital expenditure and financial investment	2	(1,171,209)	(76,066)
		<u>(75,838)</u>	<u>1,107,287</u>
Financing	2	(186,806)	(151,823)
		<u>(262,644)</u>	<u>955,464</u>
Increase/(decrease) in cash in the period			

**Reconciliation of net cash flow to movement
in net funds/(debt)**

	3		
Increase/(decrease) in cash in the period		(262,644)	955,464
Repayment of bank loan		<u>195,185</u>	<u>194,734</u>
Movement in net funds		(67,459)	1,150,198
Net funds/(debt) at 1 September 2014		<u>1,374,489</u>	<u>224,291</u>
Net funds/(debt) at 31 August 2015		<u>1,307,030</u>	<u>1,374,489</u>

BETHANY SCHOOL

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015**

1. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2015	2014 as restated
	£	£
Changes in resources before revaluation	956,814	632,199
Depreciation charges	318,822	351,418
(Profit)/loss on disposal of fixed assets	(1,500)	138,777
Interest received	(4,140)	(9,778)
Finance costs	23,663	23,342
Dividends received	(32,285)	(31,509)
Income attributable to endowment	(34,503)	(62,984)
Expenditure attributable to endowment	26,124	20,073
Decrease/(increase) in stocks	6,911	9,444
Increase in debtors	(199,132)	1,360,585
Increase/(decrease) in creditors	<u>21,835</u>	<u>(1,266,159)</u>
Net cash inflow from operating activities	<u>1,082,609</u>	<u>1,165,408</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2015	2014 as restated
	£	£
Returns on investments and servicing of finance		
Interest received	4,140	9,778
Finance costs	(23,663)	(23,342)
Dividends received	<u>32,285</u>	<u>31,509</u>
Net cash inflow/(outflow) for returns on investments and servicing of finance	<u>12,762</u>	<u>17,945</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,142,565)	(58,345)
Purchase of fixed asset investments	(30,144)	(93,245)
Sale of tangible fixed assets	1,500	1,200
Sale of fixed asset investments	<u>-</u>	<u>74,324</u>
Net cash outflow for capital expenditure and financial investment	<u>(1,171,209)</u>	<u>(76,066)</u>
Financing		
Repayment of long term bank loan	(195,185)	(194,734)
Income attributable to endowment	34,503	62,984
Expenditure attributable to endowment	<u>(26,124)</u>	<u>(20,073)</u>
Net cash inflow/(outflow) from financing	<u>(186,806)</u>	<u>(151,823)</u>

BETHANY SCHOOL

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

3. ANALYSIS OF CHANGES IN NET CASH

	At 1.9.14 £	Cash flow £	At 31.8.15 £
Net cash:			
Cash at bank and in hand	4,003,367	(262,644)	3,740,723
Debt:			
Debts falling due within one year	(200,000)	-	(200,000)
Debts falling due after one year	<u>(2,428,878)</u>	<u>195,185</u>	<u>(2,233,693)</u>
	<u>(2,628,878)</u>	<u>195,185</u>	<u>(2,433,693)</u>
Total	<u>1,374,489</u>	<u>(67,459)</u>	<u>1,307,030</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, the Companies Act 2006 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities issued in March 2005.

Incoming resources

School fee income is accounted for on a receivable basis and consists of charges billed for the school year ended 31 August 2015, less bursaries and allowances. Fees received for education to be provided in future years are carried forward as deferred income.

Donations are accounted for when they are receivable.

Investment income is accounted for in the period in which the school is entitled to receipt.

There are no restrictions on the incoming resources of the endowment fund.

Resources expended

Expenditure is accounted for on an accruals basis with the irrecoverable element of value added tax included with the item of expense to which it relates.

Overhead and other costs that are not directly attributable to a particular functional activity category are apportioned over the relevant categories on the basis of management estimates of the amount attributable to that activity in the year.

Governance costs are those incurred in conjunction with compliance with constitutional and statutory requirements.

Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold land is not depreciated.

Assets under construction are not depreciated.

Land and buildings	2% - 4% on cost
Fixtures, fittings & equipment	20% on cost
Motor vehicles	20% on cost

It is the school's policy to capitalise all items of a capital nature over £5,000.

Stock

Stock is valued at the lower of cost and net realisable value.

Taxation

The school is a Registered Charity (number 307937). All activities are undertaken to fulfil the primary objectives of the charity and are therefore exempt under Part 11 of the Corporation Tax Act 2010.

Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

Accumulated funds

Unrestricted funds are general funds which are available for use at the discretion of the Governors in furtherance of the general objectives of the school and which have not been designated for other purposes.

BETHANY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES - continued

Restricted funds can only be used for particular restricted purposes within the objects of the charity.

Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pension costs and other post-retirement benefits

Many of the teaching staff are members of the Teachers' Pension Scheme (TPS), a defined benefit scheme administered by the Teachers' Pension Agency. Contributions to the Scheme are charged to the Statement of Financial Activities as they fall due. The Teachers' Pension Scheme is an unfunded scheme. Actuarial valuations are carried out on a notional set of investments. Under the definitions set out in Financial Reporting Standard 17 'Retirement Benefits' the Teachers' Pension Scheme is a multi-employer pension scheme. The school is unable to identify its share of the underlying (notional) assets and liabilities of the scheme. Accordingly, under Financial Reporting Standard 17 the scheme is accounted for as if it were a defined contributions scheme.

The school also contributes to personal pension schemes for other teachers and non-teaching staff.

Investments

Fixed asset investments are stated at market value. Realised and unrealised gains and losses are dealt with through the Statement of Financial Activities.

2. INVESTMENT INCOME

	Unrestricted funds	Restricted funds	Endowment funds	2015 Total funds	2014 Total funds as restated
	£	£	£	£	£
Rental income	65,316	-	17,700	83,016	91,675
Income from listed investments	-	-	32,286	32,286	31,509
Interest received	4,140	-	-	4,140	9,778
	<u>69,456</u>	<u>-</u>	<u>49,986</u>	<u>119,442</u>	<u>132,962</u>

3. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds	Restricted funds	Endowment funds	2015 Total funds	2014 Total funds as restated
	£	£	£	£	£
School fees	7,226,491	-	-	7,226,491	7,223,367
Registration fees	15,682	-	-	15,682	12,541
Bursaries and scholarships	(605,494)	-	(15,483)	(620,977)	(768,333)
Gain on sale of fixed assets	1,500	-	-	1,500	1,200
	<u>6,638,179</u>	<u>-</u>	<u>(15,483)</u>	<u>6,622,696</u>	<u>6,468,775</u>

BETHANY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2015

4. TOTAL RESOURCES EXPENDED

	Staff Costs	Depreciation	Other Costs	Total 2015	Total 2014 as restated £
	£	£	£	£	£
Costs of generating funds					
Finance costs	-	-	23,663	23,663	23,342
Total costs of generating funds	-	-	23,663	23,663	23,342
Charitable activities					
Education					
Teaching costs	2,204,062	13,079	249,657	2,466,798	2,429,033
Welfare costs	178,854	-	449,484	628,338	563,388
Premises costs	408,457	305,744	992,145	1,706,346	2,009,912
Support costs	483,784	-	474,073	957,857	972,856
Total charitable activities	3,275,157	318,823	2,165,359	5,759,339	5,975,189
Governance costs	-	-	32,322	32,322	21,007
Total resources expended	3,275,157	318,823	2,221,344	5,815,324	6,019,538

Governance costs include payments of £9,000 to the current auditors (2014: £10,200 paid to the previous auditors) for audit fees, payments of £13,880 to the current auditors and £1,440 to the previous auditors (2014: £9,124 paid to the previous auditors) for other services and payments of £1,500 to the current auditors for other assurance services (2014: £nil).

Net incoming resources are stated after charging £6,340 (2014: £1,225) to operating lease rentals included within premises costs, £7,348 (2014: £nil) to operating lease rentals included within support costs and interest charged on bank loans of £15,164 (2014: £17,498) included within finance costs.

BETHANY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 AUGUST 2015

5. GOVERNORS' REMUNERATION AND BENEFITS

None of the Governors (or any persons connected with them) received any remuneration during this year or the prior year.

Five of the Governors were reimbursed a total of £5,802 for travelling expenses (2014: four were reimbursed a total of £1,333 for travelling expenses). No amounts were due to or from the Governors at the balance sheet date (2014: £nil).

6. STAFF COSTS

	2015	2014 as restated
	£	£
Wages and salaries	2,737,935	2,715,740
Social security costs	226,399	229,300
Other pension costs	<u>310,823</u>	<u>285,715</u>
	<u>3,275,157</u>	<u>3,230,755</u>

The average monthly number of employees during the year was as follows:

	2015	2014
Teaching	54	48
Administration	16	17
Welfare and premises	<u>39</u>	<u>31</u>
	<u>109</u>	<u>96</u>

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

	2015	2014
£60,000 - £70,000	1	1
£70,001 - £80,000	2	-
£80,001 - £90,000	<u>-</u>	<u>1</u>
	<u>3</u>	<u>2</u>

Contributions totalling £30,627 (2014: £22,553) were made during the year to money purchase pension schemes on behalf of employees whose emoluments exceeded £60,000.

7. PRIOR YEAR ADJUSTMENT

During the year the Governors decided to change the accounting policy with respect to the capitalisation of tangible fixed assets. The new policy is that only capital items with a cost of more than £5,000 are capitalised. Previously no lower limit had been placed on the capitalisation of tangible fixed assets and as a result the Governors felt that the fixed asset register had become unmanageable. By adopting this change the information presented in the financial statements gives users a more relevant representation of the closing net book value of tangible fixed assets.

The change in accounting policy has been implemented retrospectively and the effect of the change in the prior year is a reduction in the unrestricted fund balance of £139,977 and a reduction in the net book value of tangible fixed assets of £139,977.

BETHANY SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2015**

7. PRIOR YEAR ADJUSTMENT – continued

The effect of the change in the current period is a reduction in the net book value of tangible fixed assets of approximately £3,482 and an increase in the recourses expended during the year of approximately £3,482.

8. TANGIBLE FIXED ASSETS

	Land and buildings	Fixtures, fittings and equipment	Motor vehicles	Totals
	£	£	£	£
COST				
At 1 September 2014	13,616,239	622,520	53,091	14,291,850
Additions	1,093,293	38,472	10,800	1,142,565
Disposals	-	-	(12,925)	(12,925)
At 31 August 2015	<u>14,709,532</u>	<u>660,992</u>	<u>50,966</u>	<u>15,421,490</u>
DEPRECIATION				
At 1 September 2014	2,205,924	520,399	40,367	2,766,690
Charge for year	253,343	60,303	5,176	318,822
Eliminated on disposal	-	-	(12,925)	(12,925)
At 31 August 2015	<u>2,459,267</u>	<u>580,702</u>	<u>32,618</u>	<u>3,072,587</u>
NET BOOK VALUE				
At 31 August 2015	<u>12,250,265</u>	<u>80,290</u>	<u>18,348</u>	<u>12,348,903</u>
At 31 August 2014	<u>11,410,315</u>	<u>102,121</u>	<u>12,724</u>	<u>11,525,160</u>

Included within land and buildings is freehold land of £1,542,969 (2014: £1,542,969) which is not depreciated.

Also included within land and buildings are costs amounting to £971,343 (2014: £47,672) that relate to assets under construction.

9. FIXED ASSET INVESTMENTS

	Self-managed investments	Managed investments	Total
	£	£	£
Market value at 1 September 2014	263,075	700,754	963,829
Disposals at opening book value	-	-	-
Acquisitions at cost	9,909	20,235	30,144
Change in value in the year	(15,805)	(15,317)	(31,122)
Market value at 31 August 2015	<u>257,179</u>	<u>705,672</u>	<u>962,851</u>
Historical cost:			
At 31 August 2015	<u>174,337</u>	<u>596,280</u>	<u>770,617</u>
At 31 August 2014	<u>171,913</u>	<u>572,423</u>	<u>744,336</u>

BETHANY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 AUGUST 2015

9. FIXED ASSET INVESTMENTS – continued

There were no investments in individual entities held at 31 August 2015 which were over 5% of total portfolio by market value.

The loss on investments shown within the Statement of Financial Activities of £31,122 (2014: gain of £60,165) comprises a realised loss of £nil (2014 £4,762) on investments sold during the year, and an unrealised loss of £31,122 (2014: gain of £64,927) on investments held at the year end.

At the year end the market value of investments in assets located outside the UK amounted to £7,321 in the self managed fund and £297,941 in the managed fund.

10. STOCKS

	2015	2014 as restated
	£	£
Stocks	<u>15,867</u>	<u>22,778</u>

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015	2014 as restated
	£	£
Trade debtors	33,038	54,840
Prepayments	<u>264,109</u>	<u>43,175</u>
	<u>297,147</u>	<u>98,015</u>

12. CASH AT BANK

	Unrestricted funds £	Designated funds £	Endowment funds £	2015 Total funds £	2014 Total Funds as restated £
Operational cash	2,893,152	150,000	675,184	3,718,336	3,976,883
Self-managed investment cash	-	-	8,059	8,059	4,926
Managed investment cash	-	-	14,328	<u>14,328</u>	<u>21,558</u>
Total	<u>2,893,152</u>	<u>150,000</u>	<u>697,571</u>	<u>3,740,723</u>	<u>4,003,367</u>

BETHANY SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2015**

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015	2014 as restated
	£	£
Bank loans (see note 16)	200,000	200,000
Trade creditors	274,045	25,299
Social security and other taxes	63,293	67,303
Fees in advance (note 14)	841,730	1,032,807
Accruals and other creditors	<u>425,358</u>	<u>457,182</u>
	<u>1,804,426</u>	<u>1,782,591</u>

Fees in advance represent fees due for the Michaelmas term 2015 and are analysed below in note 14.

14. FEES IN ADVANCE

	£
Balance at 1 September 2014	1,032,807
Fees and extras released during the year	(1,032,807)
Fees and extras deferred in the current year	<u>841,730</u>
Balance at 31 August 2015	<u>841,730</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2015	2014 as restated
	£	£
Bank loans (see note 16)	<u>2,233,691</u>	<u>2,428,876</u>

BETHANY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 AUGUST 2015

16. LOANS

An analysis of the maturity of loans is given below:

	2015 £	2014 as restated £
Amounts falling due within one year:		
Bank loans	<u>200,000</u>	<u>200,000</u>
Amounts falling between one and two years:		
Bank loans - 1-2 years	<u>200,000</u>	<u>200,000</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>600,000</u>	<u>600,000</u>
Amounts falling due in more than five years:		
Bank loans more than 5 years	<u>1,433,691</u>	<u>1,628,876</u>

The bank loans are secured by a fixed charge over certain freehold properties. At the year end the charge amounted to 86% (2014: 92%) of the cost of the freehold properties.

Details of the bank loans are as follows:

Loan 1 - £1,998,554 - interest charged at 1.15% per annum above the Bank's Base Rate, repayable by 31/01/2027.

Loan 2 - £435,137 - interest charged at 3.68% per annum, repayable by 29/10/2035.

17. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	Other operating leases	
	2015 £	2014 as restated £
Expiring:		
Between one and five years	<u>23,269</u>	<u>1,225</u>

18. RESTRICTED FUNDS

The income funds of the charity include the following designated funds which have been set aside out of restricted funds by the Governors for specific purposes:

	Balance at 1 September 2014 £	Incoming Resources £	Resources Expended £	Transfers £	Balance at 31 August 2015 £
Special projects	100,000	-	-	50,000	150,000
	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>150,000</u>

Restricted funds represent amounts set aside for special projects at the discretion of the Governors.

BETHANY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 AUGUST 2015

19. ENDOWMENT FUNDS

The income funds of the charity include the following endowment funds which have been set aside out of unrestricted funds by the Governors for specific purposes:

	Balance at 1 September 2014 £	Incoming Resources £	Resources Expended £	Transfers £	Investment Gains/ Losses £	Balance at 31 August 2015 £
Permanent endowments						
Jane Tomkinson	1,347	-	-	-	-	1,347
Expendable endowments						
C J Endowment fund	2,209,552	34,503	(26,124)	-	(31,122)	2,186,809
	<u>2,210,899</u>	<u>34,503</u>	<u>(26,124)</u>	<u>-</u>	<u>(31,122)</u>	<u>2,188,156</u>

The permanent endowment funds comprise the Jane Tomkinson Art Bursary.

The Governors have agreed to investments in an expendable endowment fund. Any gains or losses of the investments form part of the fund.

The income in the fund represents an amount of £17,700 (2014: £25,475) for notional and external rent of properties held as part of the school's endowment fund, dividend and interest income of £32,286 (2014: £37,509) for investments held as part of the endowment fund and bursaries and scholarships of £15,483 (2014: £nil). The expenditure in the fund comprises £6,808 (2014: £1,149) of property costs, £6,238 (2014: £5,844) of investment management fees and £13,078 (2014: £13,078) of depreciation.

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund £	Restricted fund £	Endowment fund £	2015 Total funds £	2014 Total funds as restated £
Fixed assets	11,821,170	-	527,733	12,348,903	11,525,160
Investments	-	-	962,851	962,851	963,829
Current assets	3,206,166	150,000	697,572	4,053,738	4,124,160
Current liabilities	(1,804,427)	-	-	(1,804,427)	(1,782,591)
Long term liabilities	<u>(2,233,691)</u>	<u>-</u>	<u>-</u>	<u>(2,233,691)</u>	<u>(2,428,876)</u>
	<u>10,989,218</u>	<u>150,000</u>	<u>2,188,156</u>	<u>13,327,374</u>	<u>12,401,682</u>

21. PENSION COMMITMENTS

The school participates in the Teachers' Pension Scheme (England and Wales) ("the TPS") for its teaching staff. This is a multi-employer defined benefit pension scheme and it is not possible or appropriate to consistently identify the assets and liabilities of the TPS which are attributable to the school. As required by FRS 17 "Retirement Benefits", the school accounts for this scheme as if it were a defined contribution scheme.

The pension charge for the year includes contributions payable to the TPS of £233,912 (2014: £231,052) and £76,911 (2014: £54,663) payable to other defined contribution schemes. At the year end £34,432 (2014: £32,150) was accrued in respect of contributions to the TPS and £20,313 (2014: £5,646) in respect of other defined contribution schemes.

BETHANY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 AUGUST 2015

The employer contribution rate is set following scheme valuations undertaken by the Government Actuary Department. The latest valuation report in respect of the TPS was prepared at 31 March 2012 and was published in June 2014. The report revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future payments) amounted to £191.5 billion and the value of the notional assets (estimated future contributions together with the proceeds of from the notional investments) was £176.6 billion, giving a notional past service deficit of £15.0 billion.

As a result of the valuation report the employer contribution rate increased from 14.1% to 16.48% on 1 September 2015. This increase included a new administration charge of 0.08% of the employers' salary costs. The next revision to the employer contribution rate is not expected to take effect until 1 April 2019. This will follow on from the next actuarial valuation which is due to be undertaken at 31 March 2016.

22. RELATED PARTY DISCLOSURES

There were no related party transactions in the year other than those with the Governors as detailed in note 5.

23. ULTIMATE CONTROLLING PARTY

The company is limited by guarantee and has no share capital. In the event of the charity being wound up and unable to meet its liabilities, each of the Governors undertakes to contribute such amounts as may be required up to a maximum of £1.

No one party has overall control of the charity.

24. CAPITAL COMMITMENTS

As at 31 August 2015, Bethany School had agreed to the following capital commitments in respect of assets under construction:

A new swimming pool with a total contract price of £1,800,000, a fitness room with a total estimated cost of £188,052 and a new student house with a total estimated cost of £400,132.

At the balance sheet date £860,298 had already been paid for the swimming pool, £30,283 for the fitness room and £80,762 for the new student housing. These costs have been capitalised and included within tangible fixed assets.

No depreciation has been charged to the Statement of Financial Activities during the year in respect of assets under construction.

All of the above capital commitments are payable within the next 12 months and no amounts were outstanding at the start of the year.