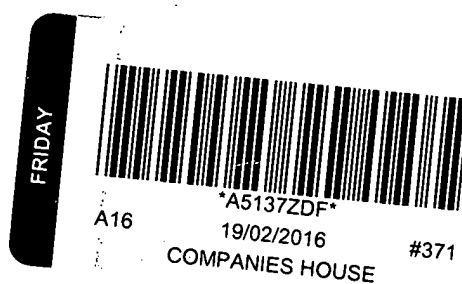


The BRIT School Limited

**Annual Report, Strategic Report and
Financial Statements**

31 August 2015



Company Limited by Guarantee
Registration Number
2369239 (England and Wales)

Exempt Charity

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Reference and administrative details

Corporate Member	BPI (British Recorded Music Industry) Limited
Directors/Trustees/ Nominated Governors who are also Members of the Company	Paul Burger (Chair of Governors) ^{a, c, d} Glen Barnham (resigned 8 December 2014) ^{a, f} David Carter ^c (Chair of Finance Committee) John Craig OBE (resigned 5 May 2015) ^c Maggie Crowe OBE ^{a, d, f} John Deacon CBE ^b Prof Sally Mackey ^f Dej Mahoney ^{e, f} Jonathan Morrish ^d Fran Nevrkla OBE (resigned 8 December 2014) ^f Simon Presswell (elected 7 October 2014) ^c Maggie Semple OBE ^b Jeff Simpson ^{d, e} Geoff Taylor Horace Trubridge (elected 20 March 2015) ^a Tony Wadsworth CBE ^b Peter Wylie ^{a, f} Andrew Yeates ^{a, c, e}
Co-opted Governors	Jane Fairbourn ^{e, f} Sylvia McNamara ^f
Staff Governors (Co-opted)	Theresa Baker (elected 1 November 2014) ^c Victoria Bostock ^f Cath Costello (retired 31 October 2014) ^{c, f} Samantha Gottshalk (resigned 14 August 2015)
Parent Governors (Co-opted)	Sarah Castle (elected 23 November 2015) Madeline Cooper (retired 31 October 2014) ^{d, e} Bridget McKenzie (elected 17 November 2014) ^f Joanna Scott (retired 31 October 2015) ^c
Secretary	Richard Elliott
Senior Managers	
Principal	Stuart Worden ^{a, c, d, f}
Director of Finance	Richard Elliott ^{a, c, d, e}
Deputy Principal	Simon Collins (resigned 31 October 2015) ^f
Interim Deputy Principal	Kirsty Mehta (from 1 November 2015)
Assistant Principal – Academic Studies	Kirsty Mehta (to 31 October 2015)
Assistant Principal – Creative Arts	Adrianne Chapman
Assistant Principal – Performing Arts	Ray Oudkirk

Reference and administrative details

Committee membership during the year

- a Personnel Committee
- b Principal's Performance Management Committee
- c Finance Committee
- d PR/Marketing Committee
- e Governance Committee
- f Curriculum and Student Welfare Committee

Registered office	60 The Crescent Croydon Surrey CR0 2HN
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Company registration number	2369239 (England and Wales)
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Charity registration number	The Company is an exempt charity, regulated by the Education Funding Agency on behalf of the Department for Education.
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Solicitors	Rawlison Butler LLP Griffin House 135 High Street Crawley West Sussex RH10 1DQ
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Bankers	National Westminster Bank PLC Commercial Banking South London City Link House, 3rd Floor 4 Addiscombe Road Croydon CR0 5TT
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Auditors	Wilkins Kennedy LLP Greytown House 221-227 High Street Orpington Kent BR6 0NZ
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Trustees' report 31 August 2015

The trustees, who are also the School's nominated governors, present their report together with the financial statements and auditor's report of The BRIT School Limited ("the School") for the year ended 31 August 2015. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates a City College for the Technology of the Arts for pupils aged 14 to 19 serving a catchment area made up of most of Greater London and some parts of suburban Surrey and Kent. It has a pupil capacity of 1,230 and had a roll of 1,211 in the school census in October 2015.

Structure, governance and management

Constitution

The School is a City College for the Technology of the Arts (CCTA). It is a company limited by guarantee (Company No.2369239) and an exempt charity, regulated by the Education Funding Agency (EFA) on behalf of the Department for Education (DfE). The company's Memorandum and Articles of Association and Scheme of Government are the primary governing documents of the School. Nominated Governors act as the Trustees for the charitable activities of the School and are also Directors of the charitable company for the purposes of company law. Co-opted Governors are neither Trustees nor Directors. Details of the Governors who served throughout the period, except as noted, are included in the Reference and Administrative Details on page 1.

The School was incorporated on 6 April 1989 and has been a CCTA since its incorporation.

Members

Members of the company are nominated by either the Secretary of State for Education or BPI (British Recorded Music Industry) Limited (the BPI), the main sponsors of the School. Each member undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1, for the debts and liabilities contracted before he/she ceases to be a member.

Governors, including method of recruitment and induction/training

The Articles of Association of the Company provide that the number of Governors shall be not less than 4, and is currently restricted to a maximum of 25. Governors who are Primary or Ordinary Members of the Company will be known as Nominated Governors; Nominated Governors are directors of the company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation. They may, by simple majority vote, appoint any member of the Company to join the Board of Governors. The Members of the Company shall also by ordinary resolution appoint to the Board of Governors not fewer than 4 persons who are not members of the Company. These will be known as Co-opted Governors and shall include: (i) Individuals from the local community who are committed to the good government of the School; and (ii) Individuals representing the interests of teachers and staff and of parents of students at the school. Nominated Governors must out-number Co-opted Governors. The number of Governors who are parents of students at the School shall not exceed 3 or one fifth of the total number of Governors, whichever shall be the lesser.

Structure, governance and management (continued)

Governors, including method of recruitment and induction/training (continued)

Governors are subject to retirement by rotation but are eligible for re-election at the meeting at which they retire. At each Annual General Meeting of the company, one third of the governors retire by rotation. The governors to retire are those who have been longest in office since their last election or appointment.

Staff governors (Co-opted) may serve for one term of three years, and may not stand for re-election. The term of office of parent governors (Co-opted) is two years in order that their terms of office do not extend beyond their child's time at the School.

Vacancies in the Governing Body are filled based on the skills and experience which the new governor should have. The Governance Committee assesses the skills to be sought in recruiting new governors; a skills audit has been undertaken during the year in question.

New Governors are introduced to the School and to their role as a Governor by visiting the School to meet the Principal and Company Secretary. They are offered suitable external training. In addition, they are given the following documents to read: the prospectus, the School's Memorandum & Articles of Association and Scheme of Government, the Funding Agreement with the DfE, the School Improvement Plan, the budget for the current year, the latest Annual Report and Financial Statements, the latest management accounts and a Charity Commission/SGOSS publication for school governors. As new governors join the governing body irregularly, with comparatively few in most years, induction is undertaken informally and is tailored specifically to the individual.

Connected Organisations including Related Party Relationships

The School receives annual donations from its sponsor, the British Record Industry Trust (the BRIT Trust). Five of the BRIT Trust's trustees were also Governors of the School at some point in the year. In accepting this donation, the School has not breached any of the requirements of the EFA's Academies Financial Handbook. The sponsor and the wider industry also offer substantial support in kind, for which the School is very grateful.

Organisational Structure

Throughout the 2014/15 academic year the Senior Leadership Team (SLT) consisted of the Principal, one Deputy Principal, three Assistant Principals and the Director of Finance. All areas of the School are directly overseen by a member of the SLT. The wider management team is involved in decision making through regular meetings with their line manager, Learning Leadership Group meetings for curriculum leaders and tutor meetings. The Deputy Principal resigned with effect from 31 October 2015 to take a promotion; one of the Assistant Principals is serving as Interim Deputy Principal for the remainder of the 2015/16 academic year.

The Principal is the School's accounting officer; as such he is responsible for satisfying himself that the School has appropriate policies and procedures in place to ensure that the School's resources are properly controlled and applied. The board of governors has delegated day to day responsibility for financial matters to the Director of Finance, subject to the operation of a formal scheme of delegation and oversight by the Principal and the finance and audit committee. The annual budget is reviewed by the finance and audit committee, which recommends its approval by the board of governors.

Structure, governance and management (continued)

Organisational Structure (continued)

The board of governors has delegated authority over the engagement and dismissal of staff (except for the Director of Finance) to the Principal, except that the Principal must consult with the Chair of Governors before dismissing a member of staff. The SLT as a body is responsible for the identification of staffing needs and the appointment of staff, with a member of SLT sitting on the appointment board for all permanent staff. Responsibility for personnel processes and procedures rests with the Director of Finance, while overall responsibility for pastoral and disciplinary issues remains with the Principal. Appointment boards for management posts include a governor.

Subsidiary Companies

The School owns 100% of the issued ordinary share capital of BRIT School Productions Limited, a company incorporated in England and Wales (Company No. 2846847). In the year to 31 August 2015, the subsidiary made a profit of £15,995. Further details are given in note 11 to the financial statements.

Objectives and activities

Objects, aims and objectives

The principal object and activity of the charitable company is to advance, for the public benefit, education in the United Kingdom by establishing, maintaining, carrying on and developing The BRIT School to provide education for pupils of different academic abilities between the ages of 14 and 19 with a strong emphasis on the performing and digital arts and related technology.

In accordance with the Articles of Association, the company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the School, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with an emphasis on the performing arts and their technologies. The catchment area is most of Greater London and parts of Surrey and Kent. Special consideration may be given to admitting students of particular merit from outside the catchment area, but these must total no more than 10% of the total intake.

The predominant activity of the charitable company is the operation of The BRIT School to provide education for pupils across the spectrum of academic abilities between the ages of 14 and 19 with an emphasis on the performing arts and related technology. The main objectives of the School are summarised below:

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

Objectives and activities (continued)

Equal opportunity policy

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

Disabled persons

The School receives applications from many young people with special educational and physical needs. The School applies the over-riding criterion concerning aptitude for the chosen art form in deciding whether to admit these candidates. However, the School tries hard to ensure that these applicants are given the best opportunity to show what they can do. For those with a statement of special need or Education and Health Care Plan (EHCP), a member of the Additional Educational Needs (AEN) team is present during the admissions process. The AEN client list during 2014/15 numbered 236 students (2013/14: 242), 22 (2013/14: 22) with statements of special educational need or EHCP, with conditions supported including dyslexia, ADHD, autism and hearing impairment.

The policy of the School is to support the employment of disabled persons both in the recruitment and by retention of employees who become disabled whilst in the employment of the School, as well as generally through training and career development.

Public benefit

The Governors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aim and objectives and in planning future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

Students are selected based upon their aptitude and interest in the performing or creative arts, taking no account of academic ability. The School's standard number increased over the academic years 2012/13 to 2014/15. The standard number increased from 330 students to 360 at pre-16 and from 770 to 820 at post-16.

Achievements and performance

The BRIT School's mission is vocational. It seeks to select applicants who demonstrate the intention and aptitude to make a career in the performing or digital arts. In order to equip its students for a life in the creative professions, the School seeks to:

- ◆ choose qualifications which will develop both practical and academic skills, including those relating to wider knowledge of the creative industries (eg copyright);
- ◆ ensure that students are aware of the range of careers available within the creative arts;
- ◆ maintain a high level of personal experience of working in the creative industries within the staff;
- ◆ maintain technical facilities at a level which will enable industry-relevant skills to be taught; and

Achievements and performance (continued)

- ♦ maintain links with the creative industries, both through its sponsor, the British Record Industry Trust (the BRIT Trust), and elsewhere, in order to keep abreast of developments.

Examination results

The examination results for 2015 continued the impressive record of 2002 – 2014, and showed an appreciable improvement on 2014. In comparing results with years before 2014 it should be borne in mind that the Level 2 BTEC was revalued in the league tables so that it is now worth only one GCSE, whereas it was previously worth three; this qualification is the most appropriate one for teaching our artistic specialisms and it is still worth three GCSEs for the students on their record, so we have no plans to change, even though the return in the league tables for five hours' teaching a week is meagre.

The School's principal qualification at post-16 is the BTEC Extended Level 3 Diploma, which is treated as the equivalent of 3 A Levels; 47% of candidates achieved three starred Distinctions (2014: 43%) and 77% (2014: 68%) achieved D*DD or better. At A-Level, there was a 100% pass rate (2014: 100%) and 84% of grades were A*-C (2014: 79%).

At GCSE, 68% of students achieved 5 or more grades A*-C including English and Maths (2013: 57%).

Community

The School has continued its impressive programme of community outreach work, despite financial restrictions. We continued our free show for primary school children; although we have had to bring them in house instead of at the Ashcroft Theatre as formerly, we had a total audience of about 1,500. In addition, there were many outreach projects into local organisations such as primary and special schools and a hospice. The School's community classes continue to prosper, with over 400 students enrolled for the BRIT Kids Saturday classes, and a new Computer Club class has been successfully established.

Going concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the School 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 Statement of Accounting Policies.

Financial review

Financial report for the year

Most of the School's income is obtained from the Education Funding Agency (EFA) in the form of General Annual Grant (GAG), the use of which is restricted to particular purposes. The grants received during 2014/15 and the associated expenditure are shown as restricted funds in the statement of financial activities.

Financial review (continued)

Financial report for the year (continued)

The School also receives grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and 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.

The School's financial results for the year are summarised in the statement of financial activities on page 23 and its financial position at 31 August 2015 is shown in the balance sheet on page 24.

As a result of the Government's policy decision to reduce the funding of school 6th Forms to the same level as that given to Further Education Colleges, the School's GAG declined in the year, leading to a reduction in funding per student of about 5.4% compared to 2013/14 and 12.5% since 2011/12. The reduction in funding per student has continued into 2015/16, with a further 5.7% reduction (17.5% since 2011/12). As a result, the School has reviewed its operations and its curriculum offer for 2015/16 onwards in order to be able to afford to operate at the new lower level of funding. The main changes arising from the review are:

- a reduction in the number of courses offered at post-16 in addition to the 3-A Level-equivalent BTEC;
- the standardisation of taught hours for the BTEC at 15 per week plus one hour's tutor time; and
- a reduction in taught hours at Key Stage 4 from 28 per week to 26 per week, requiring some rationalisation of options.

Because of the reduction in funding per student, the governors decided to budget for a deficit on recurrent items of £330,000 for 2014/15. In the event a number of savings were achieved, so the eventual deficit in the year was £241,000. The recurrent deficit of £241,000 can be reconciled to the deficit of £1,414,000 disclosed by the statement of financial activities as follows:

	£'000
Deficit on budgeted activities	(241)
Add: Fixed assets purchased from recurrent budget but included in capital expenditure in these financial statements	27
Less: FRS17 adjustment to staff costs	(149)
Deficit on operating activities – recurrent reserves	(363)
Depreciation (fully funded by reserves)	(1,323)
Donations from the BRIT Trust received for capital and other restricted purposes (not including £100,000 applied to the year's activities)	240
Capital grants received from the Education Funding Agency	28
Other capital income	4
	(1,414)

Trustees' report 31 August 2015

Financial review (continued)

Financial report for the year (continued)

The British Record Industry Trust has again been very generous to the School, making donations totalling £340,000 to be added to the unspent balance of £619,000 brought forward at 1 September 2014. These funds may be used for either recurrent or capital items, but the School needs the Trust's specific approval of the projects on which it wishes to apply these funds. As a result, the reserve represented by unspent Trust donations is shown as being a restricted general fund; the funds are deemed to be restricted because they cannot be spent without the Trust's written approval. In addition, the Trust donated a further £15,000 to finance bursaries to students leaving The BRIT School to assist in their paying fees for vocational colleges, and £45,460 to support the cost of overseas school trips for students from families with low or moderate incomes; these donations are treated as being held on trust by the School and therefore appear neither as income nor expenditure in these accounts. The Trust has also allowed the School to apply £100,000 of the funds donated towards the following revenue items in 2014/15: the salary of the Head of External Relations and the sponsorship of the School's productions. The School remains very grateful to the Trust for its continued support, both financially and in other ways. The Cameron Macintosh Foundation also gave a bursary of £2,000 for a student leaving The BRIT School to assist in their paying fees for a vocational college. The Andrew Lloyd Webber Foundation has given a substantial and generous donation of £64,725 to support the activities of The Bridge Year 14 theatre company; they have confirmed that they will continue to support The Bridge company for 2015/16 and 2016/17. The Croydon Relief in Need Charities very kindly donated £10,830 to help support the School's Community Programme.

Financial and Risk Management Objectives and Policies

The financial risks to which the School is exposed relate primarily to:

- Changes in government and legislation
- Reduced funding
- The need to maintain student numbers

A risk arises in relation to the London Borough of Croydon Pension Scheme because there is a deficit on an FRS17 basis of £2,490,000, an increase of £262,000 compared to 2013/14 (see Note 20 to the financial statements). This is largely due to disappointing asset returns: the FTSE 100 share index finished August 2015 8.4% lower than August 2014, having risen to 4.2% higher than August 2014 in the course of the year. The governors are keeping the operations of the London Borough of Croydon Pension Fund under close review, but they are well aware that the majority of the liabilities in the fund will not crystallise for many years and that an FRS 17 valuation produces a different (and generally higher) deficit figure than an actuarial valuation. An actuarial valuation as at 31 March 2013 showed that the School's part of the deficit on the fund amounted to £631,000 at that date (2010: £300,000). Employer's contribution rates to the fund have been set to pay off the deficit over 24 years; they were 17.9% (previously 12.3%) plus £35,000 pa (previously £8,000 pa) in respect of prior service losses throughout the year. The next actuarial valuation will be as at 31 March 2016. The governors' current view is that the benefits of the scheme still out-weigh its cost.

Financial review (continued)

Principal risks and uncertainties

The principal risks and uncertainties that the School faces are mitigated by the risk management process that it has in place.

Risk management

The Governors have assessed the major risks to which the School is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the School and its finances. The Governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. The Governors have introduced systems, including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The School has an effective system of internal financial controls and this is explained in more detail in the Governance Statement on page 13.

As outlined on page 8 above, the School's real income has and will reduce sharply between 2011/12 and 2015/16. As a result, the Governors have ensured that the School has reviewed its operations and curriculum offer to ensure that it remains affordable. The School has also started a fundraising campaign.

Reserves policy

The governors have considered the desirable range of reserves which the School should hold.

The day-to-day operations of the School are financed by the unrestricted and the restricted general fund arising from General Annual Grant (GAG); the Private Sector General Fund is not available to be allocated against general expenditure but must be spent as approved by the British Record Industry Trust from time to time, so are excluded from the consideration of the level of reserves required to support day-to-day operations. The great majority of the income for these funds is in the form of grants from the EFA and should therefore be easily predictable, so a relatively moderate level of resources is generally required to cover financial risks. Consequently, the governors have previously decided that the combined balances on the unrestricted and restricted general funds, after deducting amounts earmarked for a specific future use, should be between 3% and 5% of the total income budgeted to be received into these funds in the forthcoming financial year. However, in light of the risks concerning grant income discussed above, the levels on these funds have been held as high as possible in order to support an orderly restructuring of the School's activities and cost base as required in the light of continuing funding reforms. Deficit budgets were set for 2013/14, 2014/15 and 2015/16, and are expected for 2016/17, but financial projections to 2019/20 indicate that general reserves will not fall below £250,000 (in line with the reserves policy) and that the School will return to a modest surplus in 2017/18. Governors have determined that future projected unrestricted and restricted general funds should not fall below 3% of income, in line with the established policy.

Financial review (continued)

Reserves policy (continued)

Unrestricted funds and restricted general funds (excluding the pension reserve and the Private Sector General Fund as discussed above) at 31 August 2015 totalled £937,000. This represented 11.5% of budgeted recurrent income for 2015/16. The balance on the Private Sector General Fund is £848,000; the BRIT Trust has indicated that approval will be given only to the funding of specific special projects or classes of expenditure. Plans for this money include the replacement of a small modular building.

The restricted fixed assets fund is made up of two constituent parts. Financing fixed assets acquired (£18,913,000) represents money and gifts in kind received and already expended on fixed assets. All depreciation is charged to this fund. All fixed asset purchases are fully funded in this way and therefore this amount is always equal to the total net book value of fixed assets. Restricted fixed assets (available for future use) (£132,000) is accumulated to finance or help finance capital projects. The governors consider that the balance should not fall below £100,000 in order that small and medium sized projects can be undertaken promptly. Above this level, funds can be accumulated over a period to finance large projects, so the governors do not consider that there is any appropriate maximum balance. Instead, the governors will report on the level of reserves and their planned use in the Annual Report.

Investment policy

Under the Memorandum and Articles of Association, the School has the power to invest funds not immediately required for its own purposes, in any way the Governors see fit. The organisation has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are reviewed on a regular basis.. Governors have resolved that market risk will be avoided by placing surplus monies only in investments which guarantee a return of the amount invested (ie deposits of one kind or another). It has been further resolved, in order to manage credit risk, that no more than £1 million should be placed with any one institution, except that more may be placed with the Royal Bank of Scotland group, as it is over 80% owned by the British government.

Going concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the School 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 Statement of Accounting Policies.

Plans for future periods

Current examination results are acceptable given the mixed-ability intake and the undervaluing of the Level 2 BTEC in league tables. The results at A-Level and some GCSEs indicate that some of these areas needed to be focussed on; this has been done to good effect, and this focus will continue in the coming year. Results for the BTEC diplomas were excellent, and Governors believe that the School should target to maintain these levels.

Trustees' report 31 August 2015

Plans for future periods (cont)

The reducing level of the School's grant income has required a review of the School's costs and curriculum offer. The effects on student satisfaction, recruitment and retention will be reviewed over the coming year.

Auditor

The auditors, Wilkins Kennedy LLP, are willing to continue in office and a resolution to appoint them will be proposed at the Annual General Meeting.

Insofar as the governors are aware:

- there is no relevant audit information of which the charitable company's auditor is 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 auditor is aware of that information.

Approved by order of the board of trustees on 7 December 2015 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Paul Burger', with a long horizontal flourish extending to the right.

Paul Burger
Chair of Governors

Governance statement 31 August 2015

Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that The BRIT School Limited 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 governors has delegated the day-to-day responsibility to the principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The BRIT School and the Secretary of State for Education. He is also responsible for reporting to the board of governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Trustees' Responsibilities. The board of governors has formally met four times during the year. Attendance during the year at meetings of the board of governors was as follows:

Governor	Meetings attended	Out of a possible
Paul Burger (Chair of Governors)	4	4
Theresa Baker	3	3
Glen Barnham	2	2
Victoria Bostock	4	4
David Carter	2	4
Madelaine Cooper	1	1
Cath Costello	1	1
John Craig OBE	3	3
Maggie Crowe OBE	3	4
John Deacon CBE	4	4
Jane Fairbourn	1	4
Prof Sally Mackey	1	4
Dej Mahoney	4	4
Bridget McKenzie	2	3
Sylvia McNamara	3	4
Jonathan Morrish	4	4
Fran Nevrkla OBE	1	2
Simon Presswell	3	4
Joanna Scott	3	4
Maggie Semple OBE	2	4
Jeff Simpson	4	4
Geoff Taylor	3	4
Horace Trubridge	0	1
Tony Wadsworth CBE	4	4
Peter Wylie	4	4
Andrew Yeates	3	4

The Governing Body undertook a skills audit during 2014/15, the results of which are being taken into account in future appointments to the Governing Body.

The Finance and audit committee is a sub-committee of the main board of governors. Its purpose is to: oversee the School's financial policies, consider future funding and expenditure proposals in the context of the budget and (if required) review proposals or requirements for additional expenditure, and ensure that income and resources are managed effectively for the benefit of the students and further development of the School. The assurance work undertaken by our auditors is reported to the chair of this committee. Attendance at meetings in the year was as follows:

Governance statement 31 August 2015

Governance (continued)

Member of the Committee	Meetings attended	Out of a possible
David Carter FCA (Chair)	3	4
Theresa Baker	2	3
Paul Burger	4	4
Cath Costello	1	1
John Craig OBE	1	3
Richard Elliott ACA	4	4
Simon Presswell	3	3
Jo Scott	3	4
Stuart Worden	4	4
Andrew Yeates	4	4

Review of Value for Money

As accounting officer the Principal has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

Improving educational results

- The School's excellent educational results re detailed on page 7.
- The School has invested in educational improvement in the following ways:
 - ♦ by regularly reviewing the progress of students (including that of sub-groups) using the specialised tracking programme installed in 2013/14;
 - ♦ by changing the Senior Leadership Team so that it is increased in size from five to six, and lines of responsibility for certain areas of the School are clearer;
 - ♦ by instituting a new senior post concentrating on the student experience within the School; and
 - ♦ by acting on the review of ICT strategy across the School.

Governance statement 31 August 2015

Financial governance and oversight

The Finance and Audit Committee (on which the Accounting Officer sits) meets four times a year. It exercises its oversight in the following ways:

- By reviewing up-to-date management accounts at each meeting;
- By reviewing the annual budget closely before recommending approval;
- The Personnel Committee reviews changes to staffing levels implied in the annual budgets to ensure that the reasons for staffing changes are properly thought through and supported;
- By appointing the external auditors to undertake a programme of internal audit work, reporting to the Chair of the committee
- By reviewing and approving the results of tenders as set down in the Scheme of Delegation;
- By periodically reviewing the School's accounting systems and controls;
- By ensuring that a suitably qualified and experienced Director of Finance is appointed and that s/he has the appropriate status and influence in the School's management.

Purchasing

- High value contracts are retendered every 3 to 5 years
- The Scheme of Delegation requires five sealed tenders for purchases above £50,000 and a minimum of three quotes for purchases above £10,000. The Finance Manager reviews purchases requisitions above £2,000 to ensure that best value has been sought.
- Central purchasing agencies (CPC, Kent County Supplies) are used where appropriate.

Income generation

The School has commenced a large-scale fundraising appeal and has engaged a fundraising consultant and administrator in order to run an effective and professional campaign.

The School seeks sponsorship opportunities to support its activities. In addition to the British Record Industry Trust's kind continuing support, successful sponsorship applications were made to the Andrew Lloyd Webber Foundation and Westfield. Income from the hire of facilities is limited by the School's own intensive use, but is sought where possible.

Maximising the use of facilities and resources for the benefit of society

- The School runs Saturday community classes as a social enterprise; they generate £207,000 of activity a year with about 400 participants on roll;
- Community work in local primary and special schools, hospices, community centres etc is built into the curriculum of Year 12 students throughout Term 5; the School is a national leader in this work, and has presented to both national and international conferences on this subject.

Reviewing controls and managing risks

- Monthly budget monitoring reports are reviewed by the Director of Finance and any necessary remedial action is taken.
- Medium term financial forecasts are prepared annually in light of evolving information on changes to the school funding methods, and contingency plans are developed to protect the School's financial position.

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 on-going process designed to identify and prioritise the risks to the achievement of School 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 the School for the year to 31 August 2015 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of governors has reviewed the key risks to which the School is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of governors is of the view that there is a formal on-going process for identifying, evaluating and managing the School's significant risks that has been in place for the year to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is overseen by the finance and audit committee and is regularly reviewed by the board of governors.

The Risk and Control Framework

The governors appoint and have devolved most of their powers to the officers who attend meetings of the School's Governing Body. In accordance with the requirements of the Academies Financial Handbook the Governors have appointed the Principal as the School's Accounting Officer. The governors meet periodically, as required, and retain direct responsibility for:

- the approval of the School budget each year; and
- the position of the Principal.

The governors have delegated to the officers the responsibility for ensuring that an effective system of internal control, financial and otherwise, is maintained and operated by the School and to provide reasonable assurance that:

- the School is operating efficiently and effectively;
- its assets are safeguarded against unauthorised use or disposition;
- the proper records are maintained and financial information used within the School or for publication is reliable; and
- the School complies with relevant laws and regulations.

The School'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:

Governance statement 31 August 2015

The Risk and Control Framework (continued)

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body;
- regular reviews by the Finance 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 guidelines;
- delegation of authority, detailed in a written Scheme of Delegation;
- segregation of duties;
- identification and management of risks.

The governors have been assured that the major risks to which the School is exposed have been reviewed and systems have been established to mitigate those risks.

In addition, the governors have considered the guidance for directors of public listed companies contained within the Turnbull Report. They believe that although it is not mandatory for the School, it should, as a publicly funded body, adopt these guidelines as best practice. Accordingly they have:

- Set policies on internal controls which cover the following:
 - ◆ consideration of the type of risks the School faces;
 - ◆ the level of risks which they regard as acceptable;
 - ◆ the likelihood of the risks materialising;
 - ◆ the School's ability to reduce the incidence and impact on the business of risks that do materialise and the costs of operating particular controls relative to the benefit obtained.
- Clarified the responsibility of management to implement the governors' policies and to identify and evaluate risks for their consideration.
- Communicated that employees have responsibility for internal control as part of their accountability for achieving objectives.
- Embedded the control system in the School's operations so that it becomes part of the culture of the School.
- Developed systems to respond quickly to evolving risks arising from factors within the School and to changes in the external environment.
- Included procedures for reporting failings immediately to appropriate levels of management and the governors together with details of corrective action undertaken.

The governors have considered the need for a specific internal audit function and have decided not to appoint an internal auditor, but have instead appointed Wilkins Kennedy LLP to conduct a quarterly assurance review. They report to the chair of the finance and audit committee, which in turn reports to the Governing Body. The role is carried out by a separate office at Wilkins Kennedy LLP with no connection to the audit team; this is to ensure the reviews are carried out independently. No material control issues arose as a result of this work.

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors and irregularities are either prevented or would be detected within a timely period.

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:

Governance statement 31 August 2015

- the work of the external auditor;
- the work of the executive managers within the School who have responsibility for the development and maintenance of the internal control framework;
- the advice and questioning of the finance and audit committee.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the director of finance and the finance and audit committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of Governors on 7 December 2015 and signed on its behalf by:



Paul Burger
Chair of Governors



Stuart Worden
Accounting Officer

Statement on Regularity, Propriety and Compliance 31 August 2015

As accounting officer of The BRIT School Limited I have considered my responsibility to notify the School board of governors 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 School and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



Stuart Worden
Accounting Officer

7/12/15

Statement of Trustees' Responsibilities 31 August 2015

The trustees (who act as governors of The BRIT School Limited and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' 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:

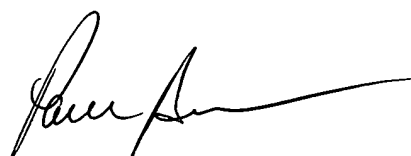
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 with 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 governors on 7 December 2015 and signed on its behalf by:



Paul Burger
Chair of Trustees

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE BRIT SCHOOL LIMITED 31 August 2015**

We have audited the financial statements of The BRIT School Limited for the year ended 31 August 2015 on pages 23 to 43. 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 Accounts Direction 2014 issued by the Education Funding Agency (EFA).

This report is made solely to the School'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 School trust'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 School and the School'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 Trustees' Responsibilities set out on page 20, 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 School's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Governors 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE BRIT SCHOOL LIMITED 31 August 2015**

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the School'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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2015 issued by the EFA.

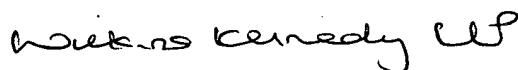
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Governors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept or 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.



Michelle Wilkes (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy LLP
Chartered Accountants
Statutory Auditor
Greytown House
221-227 High Street
Orpington
Kent
BR6 0NZ

Date: 15/12/15

Statement of financial activities Year to 31 August 2015

including Income & expenditure account and Statement of total recognised gains & losses

	Notes	Unrestricted fund £'000	Restricted general funds £'000	Restricted fixed assets funds £'000	Total 2015 £'000	Total 2014 £'000
Incoming resources						
<i>Incoming resources from generated funds</i>						
. Voluntary income	2	1	438	-	439	380
. Activities for generating funds		1	-	-	1	-
. Investment income	3	18	1	2	21	33
<i>Incoming resources from charitable activities</i>						
. Funding for the CCTA's educational operations	4	275	8,297	28	8,600	8,957
Total incoming resources		295	8,736	30	9,061	9,370
Resources expended						
<i>Cost of generating funds</i>						
. Costs of generating voluntary income		-	64	1	65	50
<i>Charitable activities</i>						
. CCTA's educational operations		236	8,631	1,319	10,186	10,148
<i>Governance costs</i>		2	219	3	224	217
Total resources expended	5	238	8,914	1,323	10,475	10,415
Net incoming/(outgoing) resources before transfers						
		57	(178)	(1,293)	(1,414)	(1,045)
Transfers re fixed asset purchases funded from GAG	14	-	(39)	39	-	-
STATEMENT OF RECOGNISED GAINS AND LOSSES						
Net incoming/(outgoing) resources for the year after transfers						
		57	(217)	(1,254)	(1,414)	(1,045)
Other recognised gains and losses						
Actuarial (loss)/gain on defined benefit pension scheme	20	-	(113)	-	(113)	(758)
Net movement in funds		57	(330)	(1,254)	(1,527)	(1,803)
Balances brought forward at 1 September 2014		791	(1,223)	20,299	19,867	21,670
Balances carried forward at 31 August 2015		848	(1,553)	19,045	18,340	19,867


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

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

Balance sheet 31 August 2015

	Notes	2015 £'000	2015 £'000	2014 £'000	2013 £'000
Fixed assets					
Tangible fixed assets					
Assets in use	10		18,905		20,154
Capital projects in progress			8		8
Investments	11		-		-
			<u>18,913</u>		<u>20,162</u>
Current assets					
Catering stocks		8		9	
Debtors	12	360		311	
Cash at bank and in hand		<u>2,311</u>		<u>2,519</u>	
		<u>2,679</u>		<u>2,839</u>	
Creditors: amounts falling due within one year	13	<u>(762)</u>		<u>(906)</u>	
Net current assets			<u>1,917</u>		<u>1,933</u>
Net assets excluding pension liability			<u>20,830</u>		<u>22,095</u>
Pension scheme liability	20		<u>(2,490)</u>		<u>(2,228)</u>
Net assets including pension liability			<u>18,340</u>		<u>19,867</u>
Funds					
Restricted fixed asset fund (Financing)			18,913		20,162
Restricted fixed asset fund (Available)			<u>132</u>		<u>137</u>
	14		<u>19,045</u>		<u>20,299</u>
Restricted general funds		937		1,005	
Pension Reserve		<u>(2,490)</u>		<u>(2,228)</u>	
			<u>(1,553)</u>		<u>(1,223)</u>
Total restricted funds	14		<u>17,492</u>		<u>19,076</u>
Unrestricted general fund			<u>848</u>		<u>791</u>
			<u>18,340</u>		<u>19,867</u>

The financial statements on pages 23 to 43 were approved by the governors, and authorised for issue on 7 December 2015 and are signed on their behalf by:



Paul Burger
Chair of Governors

The BRIT School Limited
Company Registration Number 2369239 (England and Wales)

Cash Flow Statement 31 August 2015

	Note	2015 £'000	2014 £'000
Net cash outflow from operating activities	A	(167)	(123)
Returns on investments and servicing of finance	B	5	15
Capital expenditure	C	(46)	2
Decrease in cash	D	(208)	(106)

Notes to the cash flow statement for the year to 31 August 2015:

A Reconciliation of Net Income to Net Cash Inflow from Operating Activities

Net (deficit)/income	(1,414)	(1,045)
Depreciation (note 10)	1,323	1,288
Capital grants from DfE and other capital income	(28)	(407)
Interest receivable (note 4)	(5)	(15)
FRS 17 pension cost less contributions payable (note 20)	137	103
FRS 17 pension finance income (note 20)	12	15
Decrease/(increase) in stocks	1	(1)
(Increase)/decrease in debtors	(49)	1
(Decrease) in creditors	(144)	(62)
	(167)	(123)

B Returns on Investments and Servicing of Finance

Interest received	5	15
Net cash inflow from returns on investment and servicing of finance	5	15

C Capital Expenditure and Financial Investment

Purchase of tangible fixed assets	(74)	(405)
Capital grants from DfE/EFA	28	52
Capital funding received from sponsors and others	-	355
Net cash outflow from capital expenditure and financial investment	(46)	2

D Analysis of changes in net funds

	At 1 September 2014 £'000	Cash flows £'000	At 31 August 2015 £'000
Cash at bank and in hand	2,519	(208)	2,311
	2,519	(208)	2,311

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2014 to 2015 issued by EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

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 company 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.

Income and agency arrangements

All incoming resources received in the year are recognised in income except for:

- £71,839 of 16 – 19 Bursary Grant received from the EFA. The School acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs; any such allocation is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 22.

and

- £60,460 received from the BRIT Trust to fund bursaries to current and former students; these are not treated as the School's income because the Trust considers that the School acts as administrator and paying agent only, with the beneficiaries being the recipients of the bursaries.

Other grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not matched to relevant expenditure during the period is shown in the restricted general fund on the balance sheet. 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 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.

Donation income 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.

Expenditure

Expenditure is charged to the Statement of Financial Activities on an accruals basis and includes any irrecoverable VAT.

Allocation of costs

In accordance with the Charities SORP, expenditure has been analysed between cost of generating funds, the School's educational operations and governance. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned. These include maintenance of premises, occupancy costs, salaries and depreciation, where apportionment is made based on capacity of accommodation utilised and estimate of time expended.

Costs of generating funds

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Governance costs

These include expenditure compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses, and an appropriate apportionment of related indirect costs.

Bursaries expended

Bursaries paid out as the agent of the BRIT Trust are not included in expenditure.

Funds

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education Funding Agency.

Fixed assets

Tangible fixed assets acquired since the School was established are included in the financial statements at cost. Assets inherited on establishment of the School are assumed to be fully depreciated and are not included in the financial statements.

Fixed assets (cont)

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 the restricted fixed assets fund (financing fixed assets acquired) and depreciation is charged to this fund. Where tangible fixed assets have been acquired with unrestricted funds, the funds so used are transferred from unrestricted funds to the restricted fixed asset fund, and depreciation is charged to this fund.

Assets costing less than £500 are written off in the year of acquisition. All other assets are capitalised.

Tangible fixed assets are written off over their estimated useful lives on a straight line basis at the following annual rates:

◆ Leasehold land	0.8% p.a.
◆ Long leasehold buildings:	
▪ Fabric and substantial building works	2% p.a.
▪ All other refurbishment works *	5% p.a.
◆ Furniture and equipment	20% p.a.
◆ Computer equipment and software	50% p.a.
◆ Technical equipment	33.33% p.a.

* Some refurbishment work was undertaken in a period when the lease had less than 20 years to run, in which case this work was depreciated over the then remaining life of the lease (typically 18 or 19 years). These depreciation rates were not adjusted when the lease was extended. The Governors do not consider that the effect of not making this adjustment is material in the context of £19 million of fixed assets.

Investments

The School's shareholding in BRIT School Productions Limited is included in the balance sheet at cost of the share capital owned.

Leased assets

Rentals payable under operating leases are charged to the statement of financial activities as incurred.

Stocks

Stocks, when significant, are valued at the lower of cost and net realisable value. Insignificant stocks are not valued at the year end.

Pension costs

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust

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 trust 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 29, the TPS is a multi-employer scheme and the academy trust 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 trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Taxation

The academy trust 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 trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 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.

Consolidation

The company has not prepared group financial statements because the activities of the subsidiary are not, in the opinion of the Governors, material to the understanding of the company's activities.

1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the School was subject to limits at 31 August 2015 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for the upkeep and improvement of premises and capital expenditure. The School has not exceeded the limits on the use of GAG carried forward during the year ended 31 August 2015. In performing this calculation, the School has not taken the FRS 17 adjustment into account as it is a charge against the Pension Reserve, not the GAG Restricted General Fund.

2 Voluntary income

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2015 £'000	Total 2014 £'000
BRIT Trust	-	340	340	335
Andrew Lloyd Webber Foundation	-	65	65	-
Donations from parents	-	20	20	23
Donation in kind	-	-	-	20
Croydon Relief in Need Charities	-	11	11	-
Other donations	1	2	3	2
	1	438	439	380

3 Investment income

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2015 £'000	Total 2014 £'000
Interest receivable	2	3	5	15
Gift aid from BRIT School Productions Limited (note 11)	16	-	16	18
	18	3	21	33

4 Funding for the CCTA's educational operations

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2015 £'000	Total 2014 £'000
DfE Annual grant	-	7,482	7,482	7,835
Other DfE grants				
Earmarked Annual grant – rent	-	222	222	222
Pupil Premium	-	115	115	58
Extended schools grant applied	-	-	-	5
Capital grants	-	28	28	52
	-	365	365	337
Other government grants				
LEAs to fund Statements of Special Educational Need	-	129	129	93
Funding for educational operations				
Catering income	-	211	211	257
Community classes	207	-	207	194
Received from Bournemouth University to fund Foundation Degree	68	-	68	100
Peripatetic lessons	-	96	96	98
Curriculum productions	-	42	42	43
	275	349	624	692
Total	275	8,325	8,600	8,957

5 Total resources expended

	Staff costs £'000	Other costs £'000	Subtotal £'000	Depreciation £'000	Total 2015 £'000	Total 2014 £'000
Cost of generating funds	53	11	64	1	65	50
CCTA's educational operations						
Provision of education	5,297	1,489	6,786	1,095	7,881	7,642
Support costs	1,475	606	2,081	224	2,305	2,506
	6,772	2,095	8,867	1,319	10,186	10,148
Governance	160	61	221	3	224	217
	6,985	2,167	9,152	1,323	10,475	10,415

Net income/(expenditure) for the period includes:

	2015 £'000	2014 £'000
Operating leases: premises	290	290
Fees payable to auditor for:		
- audit	10	9
- other services	2	2

6 Analysis of other costs

Provision of Education	2015 £'000	2014 £'000
Included in expenditure in the income and expenditure account and in Other costs per note 5:		
Educational supplies and services	725	683
Occupancy costs and rent	643	691
Maintenance costs	88	129
Supplies and services	33	172
	1,489	1,675
Support costs	2015 £'000	2014 £'000
Included in expenditure in the income and expenditure account and in Other costs per note 5:		
Educational supplies and services	30	41
Occupancy costs and rent	107	116
Maintenance costs	17	25
Supplies and services	452	590
	606	772
Governance costs and Cost of generating funds	2015 £'000	2014 £'000
Included in expenditure in the income and expenditure account and in Other costs per note 5:		
Occupancy costs and rent	2	2
Maintenance costs	-	-
Supplies and services	54	42
Auditor's remuneration: audit	10	9
Auditor's remuneration: other services	2	2
Governors' meetings expenses	2	1
Other expenditure	2	2
	72	58

Included above is £10,681 (2014: £896) costs relating to generating funds.

7 Staff costs

	Total 2015 £'000	Total 2014 £'000
Staff costs comprise:		
Wages and salaries	5,344	5,128
Social security costs	384	394
Pension costs	924	753
	6,652	6,275
Peripatetic, supply and agency staff costs	281	336
Staff restructuring costs	52	76
	6,985	6,687

7 Staff costs (cont)

Staff costs include a £149,000 charge (2014: £118,000) in respect of the FRS 17 adjustment (see Note 20).

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £29,641 (2014: £41,326). Individually the payments were: £20,000, £5,700, £3,000 and £941.

	2015	2014
Average numbers of full time equivalent persons employed by the School during the year were:		
Provision of education	96	88
Support costs	40	40
CCTA's educational operations	136	128
Governance and cost of generating funds	2	2
Total employees	138	130

	2015	2014
Average numbers of persons employed by the School during the year were:		
Provision of education	113	102
Support costs	50	47
CCTA's educational operations	163	149
Governance and cost of generating funds	2	2
Total employees	165	151

Six employees earned more than £60,000 per annum during 2015 (2014 - five). The total emoluments of these employees were in the following ranges:

	2015	2014
£60,000 - £70,000	2	-
£70,001 - £80,000	1	1
£80,001 - £90,000	1	2
£100,001 - £110,000	1	1
£120,001 - £130,000	-	1
£130,001 - £140,000	1	-

Five of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2015 employer's pension contributions for these staff amounted to £60,351 (2014: £53,400). The other employee participated in the Local Government Pension Scheme; employer's pension contributions amounted to £18,794 (2014: £14,864).

8 Trustees' and governors' emoluments

No trustee received any remuneration in the year. Two trustees and governors of the School (2014 - three) received payment from the School amounting to £618 (2014 - £881) in respect of reimbursed expenses relating to travel to meetings.

8 Trustees' and governors' emoluments (cont)

The School has two staff governors, but they are not directors or trustees of the company/charity. The Principal attends meetings of the Governing Body but is not a governor, director or trustee.

Other related party transactions involving the trustees are set out in note 21.

9 Trustees' and Officers' Insurance

In accordance with normal commercial practice the School has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on School business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2015 was £927 (2013: £1,103). The cost of this insurance is included in the total insurance cost.

10 Tangible fixed assets – Assets in use

	Leasehold land £'000	Long leasehold buildings £'000	Furniture and equipment £'000	Computer equipment and software £'000	Technical equipment £'000	Total £'000
Cost						
At 1 September 2014	500	24,494	948	1,728	3,048	30,718
Additions	-	19	3	39	13	74
Disposals	-	-	(91)	(342)	(299)	(732)
At 31 August 2015	500	24,513	860	1,425	2,762	30,060
Depreciation						
At 1 September 2014	91	6,137	632	1,233	2,471	10,564
Charge for year	4	549	91	401	278	1,323
Disposals	-	-	(91)	(342)	(299)	(732)
At 31 August 2015	95	6,686	632	1,292	2,450	11,155
Net book values						
At 31 August 2015	405	17,827	228	133	312	18,905
At 31 August 2014	409	18,357	316	495	577	20,154

11 Investments

	2015 £	2014 £
Investments in wholly owned subsidiary companies at cost:		
. Brit School Productions Ltd	2	2

The School's wholly owned subsidiary company, BRIT School Productions Limited (Company No. 2846847), was incorporated in England and Wales on 23 August 1993. In the year to 31 August 2015, the subsidiary earned a profit of £15,995 (2014: £18,210). At 31 August 2015, the net assets of the subsidiary amounted to £2, represented by issued share capital of 2 ordinary shares of £1 each. Consolidated financial statements have not been prepared as the Governors are of the opinion that the results of the subsidiary are not material to an understanding of the School's financial statements.

11 Investments

A summary of the results for the year end and the position at the year end of BRIT School Productions Limited is shown below.

	2015 £	2014 £
Turnover	31,050	18,710
Expenditure	(15,055)	(500)
Profit on ordinary activities before Gift Aid	15,995	18,210
Gift Aid	(15,995)	(18,210)
Profit on ordinary activities after Gift Aid	-	-
Retained profit brought forward at 1 September 2014	-	-
Retained profit carried forward at 31 August 2015	-	-
Balance sheet		
Current assets	16,496	18,712
Current liabilities	(16,494)	(18,710)
Net current assets	2	2
Called up share capital	2	2
Profit and loss account	-	-
	2	2

12 Debtors

	2015 £'000	2014 £'000
Trade debtors	104	127
Amounts due from BRIT School Productions Limited	16	18
Sundry debtors	111	68
Prepayments	129	98
	360	311

13 Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Trade creditors	95	50
Sundry creditors	336	394
Accruals and deferred income	331	462
	762	906

Deferred Income

	2015 £'000	2014 £'000
Deferred income at 1 September 2014	107	115
Resources deferred in the year	163	107
Amounts released from previous years	(107)	(115)
Deferred income at 31 August 2015	163	107

Deferred Income (cont)

Deferred income is made up of unused pupil premium grant of £52,000 carried forward into 2015/16, a grant of £65,000 from the Andrew Lloyd Webber Foundation for activity in 2015/16, £30,000 of payments received in 2014/15 for peripatetic music lessons in 2015/16 and contributions totalling £16,000 received before 31 August 2015 from the parents of students who are starting at the School in 2015/16.

14 Restricted funds

	Balance at 1 September 2014 £'000	Incoming resources £'000	Expenditure £'000	Gains, Losses and transfers £'000	Balance at 31 August 2015 £'000
General funds					
General Annual Grant (GAG)	382	7,482	(7,753)	(27)	84
Other DfE grants	-	337	(337)	-	-
Private sector general fund – BRIT Trust	619	340	(100)	(12)	847
Private sector general fund - Other	-	96	(96)	-	-
Other income	-	479	(479)	-	-
NATHDA Fund	4	-	-	-	4
	1,005	8,734	(8,765)	(39)	935
Pension reserve	(2,228)	-	(149)	(113)	(2,490)
	(1,223)	8,734	(8,914)	(152)	(1,555)
Fixed assets funds					
Funding fixed asset purchases	20,162	-	(1,323)	74	18,913
Available for use: DfE capital grants	46	28	-	(35)	39
Available for use: Other	91	4	-	-	95
	20,299	32	(1,323)	39	19,047
Total restricted funds	19,076	8,766	(10,237)	(113)	17,492

Transfers:

- £27,000 is transferred from *General Annual Grant (GAG)* to *Funding fixed asset purchases* in respect of fixed assets purchased from GAG.
- £12,000 is transferred from *Private sector general fund* to *Funding fixed asset purchases* in respect of fixed assets purchased using funds donated by the British Record Industry Trust.
- £35,000 is transferred from *Available for use: DfE capital grants* to *Funding fixed asset purchases* in respect of fixed assets purchased using Formula Capital Grant received in previous years.

The *General Annual Grant (GAG)* must be used for the normal running costs of the School including salaries and related costs, overheads, repairs and maintenance and insurance. The School is allowed to carry forward up to 12% of the current GAG (£897,840). Of the carried forward amount, up to 2% of total GAG (£152,736) can be used for general purposes at the discretion of the School, but any balance over 2% must be used for the upkeep and improvement of premises and capital expenditure.

During 2015, £26,650 of GAG monies was used by the School for the purchase of fixed assets which were capitalised (2014 - £114,649) and £27,903 which were not because they cost less than £500.

14 Restricted funds (cont)

Other EFA Grants consist of an Earmarked Annual Grant to meet the costs of the School's long leasehold of its East Wing (£221,469) and Pupil Premium of £89,180 plus £25,816 which was not used in 2013/14; £51,968 was not used in the year, and will be used in 2015/16. *Private Sector General Fund - BRIT Trust* may not be spent without the Trust's agreement. The Trust has indicated that approval will be given only to the funding of specific special projects or classes of expenditure. The BRIT Trust allowed the School to apply £100,000 of these funds towards the following revenue items in 2014/15: the salary of the Head of External Relations and the sponsorship of the School's productions.

Other income offsets expenditure which would otherwise be financed from GAG, and as such an amount equal to the expenditure has been deducted from the GAG line to be dealt with on this line.

The NATHDA fund represents a donation from Norbury and Thornton Heath Dramatic Association for the support of students undertaking their first independent projects on leaving the School.

For more details concerning the pension reserve, see Note 20.

Restricted fixed assets were funded by government grants and donations. The "Funding fixed asset purchases" line equals the net book value of the School's fixed assets.

15 Analysis of net assets between funds

Fund balances at 31 August 2015 are represented by:

	Unrestricted fund £'000	Restricted general funds £'000	Restricted fixed assets funds		Total £'000
			Financing £'000	Available £'000	
Tangible fixed assets	-	-	18,913	-	18,913
Investments	-	-	-	-	-
Current assets	848	1,699	-	132	2,679
Current liabilities	-	(762)	-	-	(762)
Pension scheme liability	-	(2,490)	-	-	(2,490)
	848	(1,553)	18,913	132	18,340

16 Capital commitments

The School had capital commitments of £29,070 at 31 August 2015 (2014 - £37,089).

17 Lease commitments

Operating leases

At 31 August 2015 the charity had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2015	2014
	£	£
Operating leases which expire:		
Within two to five years	—	—
Thereafter	325,163	290,340
	325,163	290,340

The leases referred to above run until 2117, with the option on either side to break the lease, with the approval of the Secretary of State for Education, on 29 September 2036 and every five years thereafter. Rent increases are every five years in line with the Retail Price Index. The rent on one of the leases is reviewed with effect from September 2015.

18 Contingent liabilities

In the event, during the period of the Funding Agreement, of the sale or disposal by other means, of any asset for which a capital grant was received, the School shall if it does not re-invest the proceeds, repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the School serving notice, the School shall repay to the Secretary of State sums determined by reference to:

- a) the value at that time of the School's site and premises and other assets held for the purpose of the School; and
- b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

19 Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he/she ceases to be a member.

20 Pension Commitments

The School's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the London Borough of Croydon Pension Fund, a constituent member of the Local Government Pension Scheme (LGPS), for non-teaching staff. 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 March 2013.

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

20 Pension Commitments (cont)

Teachers' Pension Scheme (TPS)

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £784,000 (2014: £723,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

20 Pension Commitments (cont)

Teachers' Pension Scheme (TPS) (cont)

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

London Borough of Croydon Pension Fund

The London Borough of Croydon Pension Fund, a constituent fund of the LGPS, is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £414,555, of which employer's contributions totalled £309,406 and employees' contributions totalled £105,149. The agreed contribution rates for future years are 17.9% for employers and between 5.5% and 12.5% for employees, depending on the level of their pensionable pay.

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

The most recent actuarial valuation of the Scheme was as at 31 March 2013. The School's assets and liabilities are kept separate from other employers'; the valuation disclosed a deficit of £631,000, which is to be recouped over 22 years with current additional payments of £35,000 a year (in total, not per member).

Principal actuarial assumptions

	2015 % per annum	2014 % per annum
Rate of increase in salaries	3.50	3.40
Rate of increase in pension payments	2.60	2.60
Discount rate	3.70	3.70
Inflation assumption: CPI	2.60	2.60
Commutation of pensions to lump sums:		
• For pre-April 2008 service	50	50
• For post-April 2008 service	75	75

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

	2015 years	2014 years
Longevity at age 65 for current pensioners		
• Men	22.3	22.3
• Women	24.4	24.4
Longevity at age 65 for future pensioners		
• Men	24.4	24.4
• Women	26.7	26.7

20 Pension Commitments (cont)

London Borough of Croydon Pension Fund (cont)

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are:

Change in assumptions at year ended 31 August 2015	Approximate % increase to Employer Liability	Approximate monetary amount (£)
0.5% decrease in Real Discount Rate	12%	844
1 year increase in member life expectancy	3%	210
0.5% increase in the Salary Increase Rate	5%	318
0.5% increase in the Pension Increase Rate	7%	509

The assets in the School's share of the scheme (estimated at 0.55% of the overall scheme) and the expected rates of return were:

	Expected return at 31 August 2015 %	Fair value at 31 August 2015 £000	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £000
Equities	3.7	2,845	6.4	2,508
Bonds	3.7	993	3.7	956
Property	3.7	632	4.5	319
Cash	3.7	45	3.3	199
Total market value of assets		4,515		3,982
Present value of scheme liabilities - Funded		(7,005)		(6,210)
Deficit in the scheme		(2,490)		(2,228)

None of the fair values of the assets shown above include any of the School's own financial instruments or any property occupied by, or other assets used by, the School. The equity investments and bonds which are held in scheme assets are quoted and are valued at the current bid price.

The expected long term return on cash is equal to bank base rates. The expected return on bonds is determined by reference to UK long dated gilt and bond yields. The expected rate of return on equities and property have been determined by setting an appropriate risk premium above gilt/bond yields having regard to market conditions.

The actual return on scheme assets was £136,000 (2014: £438,000).

Amounts recognised in the statement of financial activities	2015 £'000	2014 £'000
Current service cost	(489)	(315)
Past service cost	-	-
Total operating charge	(489)	(315)
Analysis of pension finance income/(costs)		
Expected return on pension scheme assets	227	231
Interest on pension liabilities	(239)	(246)
Pension finance income/(costs)	(12)	(15)

20 Pension Commitments (cont)

London Borough of Croydon Pension Fund (cont)

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £1,196,000 loss (2014: £1,083,000 loss).

Movements in the net defined benefit liability were as follows:

	2015 £'000	2014 £'000
Deficit at 1 September 2014	(2,228)	(1,352)
Current service cost	(489)	(315)
Employer contributions	352	212
Past Service gain	-	-
Net interest on assets	(12)	(15)
Actuarial gain/(loss)	(113)	(758)
Deficit at 31 August 2015	(2,490)	(2,228)

Movements in the present value of defined benefit obligations:

	2015 £'000	2014 £'000
Defined benefit obligation at 1 September 2014	6,210	5,193
Current service cost	(489)	(315)
Employer contributions	352	212
Past Service gain	-	-
Net interest on assets	(12)	(15)
Actuarial gain/(loss)	(113)	(758)
Deficit at 31 August 2015	(2,490)	(2,228)

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

	2015 £'000	2014 £'000
At 1 September 2014	3,982	3,841
Expected return on assets	227	231
Actuarial (loss)/gain	(92)	(314)
Employer contributions	352	212
Employee contributions	120	86
Benefits paid	(74)	(74)
At 31 August 2015	4,515	3,982

The estimated value of employer contributions for the year ended 31 August 2016 is £309,000.

The five-year history of experience adjustments is as follows:

Notes to the financial statements 31 August 2015

20 Pension Commitments (cont)

London Borough of Croydon Pension Fund (cont)

	2015	2014	2013	2012	2011
	£'000	£'000	£'000	£'000	£'000
History of experience gains and losses					
Fair value of assets	4,515	3,982	3,841	3,386	3,054
Present value of scheme liabilities	7,005	6,210	5,193	4,699	3,650
Deficit in scheme	(2,490)	(2,228)	(1,352)	(1,313)	(596)
Difference between the expected and actual return on assets	(92)	(314)	216	96	(60)
Experience gains/(losses) on liabilities	30	(17)	-	(45)	589

21 Related Party Transactions

The School received £342,000 from its sponsor, the British Record Industry Trust (the BRIT Trust). Five of the BRIT Trust's trustees were also Governors of the School at some point of the year. In accepting this donation, the School has not breached any of the requirements of the EFA's Academies Financial Handbook.

22 Agency Arrangements

The School distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2015 the trust both received and disbursed £71,839 from the fund. There are no undistributed funds repayable to EFA.

In accordance with the terms of our engagement letter dated 27 July 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The BRIT School Limited during the period 1 September 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The BRIT School Limited's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The BRIT School Limited's funding agreement with the Secretary of State for Education dated 15 January 2013 and the Academies Financial Handbook, extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion as well as additional testing based on our assessment of risk of material irregularity.

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Wilkins Kennedy LLP

Reporting Accountant
Wilkins Kennedy LLP
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221-227 High Street
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BR6 ONZ

Dated: 15/12/15