



bksb Limited

**Report and Financial Statements
for the year ended 31 July 2014**

BKSB Limited

ANNUAL REPORT FOR THE YEAR ENDED 31 JULY 2014

	Page
Directors' report	2-3
Statement of directors' responsibilities in respect of the Directors' report and the financial statements	4
Independent auditors' report to the members of BKSB Limited	5-6
Profit and loss account	7
Statement of total recognised gains and losses	8
Balance sheet	9
Notes to the financial statements	10-17

Directors' report

The directors present their report and the audited financial statements for the year ended 31 July 2014.

Principal activity

The company is a private company limited by shares and is a wholly owned subsidiary of West Nottinghamshire College. It was incorporated on 31 January 1997. The principal activity of the company is to develop and promote the basic and key skills assessment software known as bksb.

Review of business and future developments

The reported trading profit for the year ended 31 July 2014 amounted to £ 1,151,942 (2013: previously stated as £7,164, restated as £ 1,147,683 to exclude Gift aid payment) following payments made under deed of covenant of £895,207 (2013: £1,154,847) to the parent undertaking, West Nottinghamshire College. This has resulted in positive income & expenditure reserves of £312,041 (2013: £27,306) excluding pension reserve.

Dividends

No dividends have been paid in the year. The directors do not recommend the payment of a dividend (2013: £nil).

Change in Gift Aid Rules

The company has previously paid over all of its taxable profits, which would otherwise be liable to corporation tax, to West Nottinghamshire College under the Gift Aid scheme. In accordance with the accounting policies note, the directors now consider that the company is required to have distributable profits to make gift aid payments to the parent undertaking. After examining previous years' gift aid payments and distributable profit levels management no payments were found which required reversing.

Political and Charitable contributions

The company made no political contributions during the period (2013: £nil). The company pays over all of its taxable profit, subject to having distributable reserves to do so, to its parent undertaking West Nottinghamshire College (an exempt charity) under a deed of covenant arrangement that is likely to remain in place for the foreseeable future. The company therefore could have taxable profits to the extent that taxable profits exceed distributable reserves, for the foreseeable future the company has available tax losses from a fellow subsidiary, which is likely to cover any potentially taxable profits. The deed of covenant payment for the year is £895,207 (2013: £1,154,847)

Directors, directors' interests and membership

The directors of the company who served during the year and subsequent to the year-end were:

R I Baggaley

P Harman

M McNamara

J N Saunders – Resigned 24th June 2014

T J Clarke – Appointed 24th June 2014

None of the directors has any disc losable interests in the shares of the company during the year. No director has been granted share options.

Throughout the year the company has maintained a directors' and officers' liability insurance policy.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he or she ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

In accordance with Section 495 and 496 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by order of the Board of directors on 04 December 2014 and signed on its behalf by:



P Harman
Director

04 December 2014

Registered office
12 Centre
Hamilton Court
Hamilton Way
Mansfield
Nottinghamshire
NG18 5FB

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BKSB LIMITED

We have audited the financial statements of BKSB Limited for the year ended 31 July 2014 set out on pages 7 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2014 and of its profit / loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or 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 directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

A handwritten signature in black ink, appearing to read 'A Argyle', with a stylized flourish at the end.

A Argyle (Senior Statutory Auditor)

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

One Snowhill

Snow Hill

Queensway

Birmingham

B4 6GH

19 December 2014

Profit and loss account for the year ended 31 July 2014

Company Registration Number: 03311079

	Notes	2014 £	2013 (restated) £
Turnover	1	2,558,788	2,608,284
Cost of Sales		<u>(1,264,388)</u>	<u>(1,317,990)</u>
Gross Profit		1,294,400	1,290,294
Administrative Expenses		<u>(152,171)</u>	<u>(174,532)</u>
Operating Profit		1,142,229	1,115,762
Other Interest receivable and similar income		<u>9,713</u>	<u>31,297</u>
Operating Profit after exceptional items and tax		1,151,942	1,147,059
Profit on disposal of fixed assets		-	624
Operating Profit after exceptional items but before tax	3	1,151,942	1,147,683
Taxation	4	-	-
Profit for the financial year after taxation		<u>1,151,942</u>	<u>1,147,683</u>

All results related to continuing operations.

The notes on pages 9 to 12 form part of these financial statements.

Statement of Total Recognised Gains and Losses


	Notes	2014 £	2013 £
Surplus/(deficit) on continuing operations after depreciation of assets, disposal of assets and Tax		1,151,942	1,147,683
Transfer in of FRS 17 Deficit on 1 September 2013	12	(207,000)	-
Actuarial (loss) in respect of pension	12	(77,000)	-
Total recognised gains and losses in the year		867,942	1,147,683
Reconciliation			
Opening reserves		52,306	59,470
Total recognised gains/(losses) for the year		867,942	1,147,683
Gift Aid Distribution		(895,207)	(1,154,847)
Closing reserves		25,041	52,306

Balance sheet at 31 July 2014

Company Registration Number: 03311079

	Notes	2014 £	2013 £
Fixed assets			
Tangible assets	5	<u>163,989</u>	<u>154,342</u>
		163,989	154,342
Current assets			
Debtors	6	605,451	689,158
Cash at bank and in hand		<u>2,085,838</u>	<u>1,564,342</u>
		2,691,288	2,253,500
Creditors: amounts falling due within one year	7	(2,518,236)	(2,355,536)
Net current assets / (liabilities)		173,052	(102,036)
Total assets less current liabilities		337,041	52,306
Net assets excluding pension liability		337,041	52,306
Net pension liability	12	(312,000)	-
Total assets less current liabilities		<u>25,041</u>	<u>52,306</u>
Capital and Reserves			
Called up share capital	8	25,000	25,000
Profit and loss account	10	312,041	27,306
Pension reserve	12	(312,000)	-
Shareholders' funds	11,14	<u>25,041</u>	<u>52,306</u>

These financial statements were approved by the board of directors on 04 December 2014 and were signed on its behalf by:



P Harman
Director

Notes to the financial statements for the year ended 31 July 2014

1. Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the company's financial statements.

Basis of accounting

The financial statements are prepared in accordance with applicable accounting standards, and under the historic cost convention.

Going concern

The parent undertaking, West Nottinghamshire College has confirmed that it will continue to provide financial support for the company for a period of at least twelve months following the date of signature of these financial statements.

Turnover

Turnover which excludes value added tax and trade discounts, represents the value of goods and services invoiced to customers during the year.

Recognition of income

Income from licence sales is included to the extent of the proportion of the licence fee attributable to the current financial period. Any income arising from licence fees relating to future periods is deferred within creditors.

Cash flow statement

The company is exempt from the requirements of FRS 1 (revised) to prepare a cash flow statement as the financial statements of the parent undertaking include a consolidated cash flow statement.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental cost of acquisitions.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives. The principal annual rates used for this purpose are:

- Plant and equipment $33\frac{1}{3}\%$
- Motor vehicles 20%
- Leasehold Improvements over the life of the lease

Principal accounting policies (continued)

Deferred taxation

Provision is made for deferred tax, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

Distributable reserves

During the year the directors have reconsidered the presentation of gift aid payments in the financial statements. Previously the directors followed the Charity Commission guidance, but now understand that legal advice has been issued contradicting this. The directors now consider the gift aid payment to be akin to a distribution rather than an expense.

2. Employee and director information

The company has no employees. No director received any emoluments from the company during the year (2013: £nil).

3. Profit/(Loss) on ordinary activities before taxation

	2014	2013
	£	£
Profit / (loss) before taxation is stated after charging:		
Depreciation	56,359	44,591
Auditors' remuneration – audit services	3,790	3,578
Other Professional Fees	3,217	521

4. Tax on profit on ordinary activities

As explained in the accounting policies note, no provision has been made for deferred tax on the grounds that the company transfers its taxable profits by deed of covenant to West Nottinghamshire College to the extent of available distributable reserves, any future tax liability being covered by taxable losses available within a fellow subsidiary company for the foreseeable future, and therefore no deferred tax asset or liability will be realised in the Company.

There is no liability to tax during the current or preceding year.

The tax assessed in the year is lower (2013: lower) than the standard rate of corporation tax in the UK for small companies of 23% (2013: 24%). The differences are explained below:

4. Tax on profit on ordinary activities (continued)

	2014	2013 (restated)
	£	£
(loss)/Profit on ordinary activities before taxation	1,151,942	1,147,683
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23% (2013: 23%)	264,947	275,444
Effects of:		
Gift Aid Distribution	(205,897)	(277,151)
Expenses not deductible for tax purposes	(931)	1,615
Taxable losses transferred from other group company	(52,211)	-
Capital allowances in the year in excess of depreciation	<u>(5908)</u>	<u>92</u>
Current tax charge for the year	-	-

5. Tangible fixed assets

	Plant & Equipment	Leasehold Improvements	Motor Vehicle	Total
	£	£	£	£
Cost				
Balance at 1 August 2013	69,040	98,127	177,774	344,941
Additions	<u>22,426</u>	-	43,580	<u>66,006</u>
Balance at 31 July 2014	91,466	98,127	221,354	410,947
Depreciation				
Balance at 1 August 2013	20,948	22,496	147,155	190,599
Charge for year	<u>15,444</u>	<u>18,720</u>	<u>22,195</u>	<u>56,359</u>
Balance at 31 July 2014	36,392	41,216	169,350	246,958
Net Book Value				
Balance at 31 July 2013	48,092	75,631	30,619	154,342
Balance at 31 July 2014	55,074	56,911	52,004	163,989

6. Debtors

	2014 £	2013 £
Trade debtors	501,229	587,963
Amounts owed by group undertakings	24,998	24,998
Prepayments and accrued income	79,224	76,197
	<u>605,451</u>	<u>689,158</u>

7. Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	827	43,781
Amounts owed to group undertakings	895,207	1,154,847
Other creditors including: taxation and social security	150,374	104,531
Accruals and deferred income	1,471,828	1,052,377
	<u>2,518,236</u>	<u>2,355,536</u>

8. Called up share capital

	2014 £	2013 £
Authorised		
Ordinary shares of £1 each	300,000	300,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	25,000	25,000
Allotted during the year	-	-
Ordinary shares of £1 each	25,000	25,000
	<u> </u>	<u> </u>

9. Commitments and contingencies

There were no contingent liabilities

Capital commitments at 31 July 2014 were Nil (2013: £0).

10. Profit and loss account including pension reserve

	2014 £	2013 £ (Restated)
Balance at 1 August	27,306	34,470
Profit / (loss) for the year	1,151,942	1,147,683
Transfer in of Pension Liability on 1 September 2014	(207,000)	-
Actuarial Gain/(loss) in respect of pension scheme	(77,000)	-
GiftAid Distribution	(895,207)	(1,154,847)
Balance at 31 July	<u>41</u>	<u>27,306</u>
Pension Reserve	(312,000)	-
Profit and Loss Account	<u>312,041</u>	<u>27,306</u>
	<u>41</u>	<u>27,306</u>

11. Reconciliation of movements in shareholder's funds

	2014 £	2013 £
Opening shareholder's surplus	52,306	59,470
Actuarial loss in respect of pension scheme	(284,000)	-
New Shares Issued in Year	-	-
Profit / (loss) for the year (as restated)	1,151,942	1,147,683
Distribution	(895,207)	(1,154,847)
Closing shareholder's surplus/(deficit)	<u>25,041</u>	<u>52,306</u>

12. Pension and similar obligations

The Company's employees belong to the Local Government Pension Scheme (LGPS) which is managed by Nottinghamshire County Council. The pension is a defined benefit scheme.

Total Pension cost for the Year	2014 £	2013 £
Local Government Pension Scheme:		
Contributions Paid	47,306	-
FRS17 Charge	25,000	-
Charge to the income & expenditure account	<u>72,306</u>	-
Total pension charge for the year	<u>72,306</u>	<u>-</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal valuation of the LGPS was 31 March 2013.

12. Pensions and similar obligations (continued)

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with assets held in separate funds administered by Nottinghamshire County Council. The total contribution made for the financial year ended 31 July 2014 was £61,920, of which employer's contributions totalled £47,306 and employee's contributions totalled £14,614. The agreed contribution rates for future years are 11.0% for employers and range from 5.5% to 12.5% for employees dependent upon salary.

FRS17

Principal Actuarial Assumptions

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

	At 31 July 2014	At 01 September 2013
Rate of increase in Salaries	4.6%	4.7%
Rate of increase for pensions in payment	2.8%	2.9%
Discount rate for scheme liabilities	4.3%	4.7%
Inflation assumption (CPI)	2.8%	2.9%
Commutation of pensions to lump sums	50%	50%

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

	At 31 July 2014	At 01 September 2013
Retiring today:		
Males	22.0	21.9
Females	25.1	25.0
Retiring in 20 years:		
Males	24.1	24.0
Females	27.4	27.3

The Company's share of assets and liabilities in the scheme and the expected rates of return were:

12. Pensions and similar obligations (continued)

	Long-term rate of return expected at 31 July 2014	Value at 31 July 2014	Long-term rate of return expected at 01 Sept 2013	Value at 01 Sept 2013
		£000		£000
Equities	6.6%	401	6.8%	340
Gilts	3.4%	31	3.7%	20
Other Bonds	4.0%	37	4.4%	29
Property	5.9%	62	6.2%	55
Cash	3.2%	24	3.5%	11
Total market value of assets		555		455
Present value of scheme liabilities:				
- Funded		867		662
- Unfunded		-		-
Surplus/(deficit) in the scheme		(312)		(207)

Analysis of the amount charged to income and expenditure account

	2014 £000	2013 £000
Employer service cost (net of employee contributions)	25	-
Past service cost	-	-
Total operating charge	25	-

Analysis of pension finance income/(costs)

Expected return on pension scheme assets	28	-
Interest of pension scheme liabilities	(31)	-
Pension finance income/(costs)	(3)	-

Amount recognised in the statement of total recognised gains and losses (STRGL)

Actuarial gains/(losses) on pension scheme assets	4	-
Experience gains arising on the scheme liabilities	-	-
Change in financial and demographic assumptions underlying the scheme liabilities	(81)	-
Actuarial gain/(loss) recognised in the STRGL	(77)	-

Movement in surplus/ (deficit) in the year

	2014 £000	2013 £000
Surplus/(deficit) in scheme at 1 September on transfer	(207)	-
Movement in the year:		
- Employer service cost (net of employee contributions)	(69)	-
- Employer contributions	44	-
- Past service costs	-	-
- Net Interest/return on assets	(3)	-
- Actuarial gain or (loss)	(77)	-
(Deficit)/surplus in scheme at 31 July	(312)	-

12. Pension and similar obligations (continued)

Asset and liability reconciliation

Liabilities at 1 September on transfer	662	-
Service cost	69	-
Interest cost	31	-
Actuarial (gain)/loss	81	-
Employee contributions	24	-
Liabilities at end of period	867	-

Reconciliation of Assets

Assets at start of period	455	-
Expected return on assets	28	-
Actuarial gains/(losses)	4	-
Employer contributions	44	-
Employee contributions	24	-
Assets at end of period	555	-

The estimated value of employer contributions for the year ended 31 July 2015 is £43,000

History of experience gains and losses

	2014 £000
Difference between the expected and actual return on assets	4
Experience gains and losses on scheme liabilities	-
Total amounts recognised in the STRGL	(284)

13. Ultimate parent undertaking

The company is a wholly owned subsidiary of West Nottinghamshire College, incorporated under the Further and Higher Education Act 1992 which is also the ultimate controlling party. Copies of the parent's consolidated financial statements can be obtained from West Nottinghamshire College, Derby Road, Mansfield, Nottinghamshire, NG18 5BH.

14 Distributions

	2014 £	2013 £
Gift Aid Payments to West Nottinghamshire College	895,207	1,154,847

As stated in the accounting policy note Gift Aid payments were reclassified as distributions in 2014 therefore the above note is now presented.