



School Council Meeting – 22 April 2026

APL Report

Agenda

I – Educational Matters

- Safeguarding update
- Recruitment of the Head of British Section

II – Financial Matters

- 2025 financial statements
- VAT update for 2025
- Estates and works update

III – Any Other Business

I – EDUCATIONAL MATTERS

A. Safeguarding Update

Mrs Séverine Baratti has been appointed to replace Colette Shulver. At present, no decision has yet been made regarding Mrs Baratti's own replacement.

The number of incidents recorded during the current academic year, including accidents and exclusions, was also reviewed. The figures remain stable in comparison with last year.

B. Recruitment of the Head of British Section

The School is still in the process of recruiting its Head of British Section. Unfortunately, the candidate who had been selected has since withdrawn.

II – FINANCIAL MATTERS

Mrs Cellier, Director of Finance and Administration, provided further clarification on the items on the agenda: budgetary accounting, financial accounting, the impact of VAT, cash reserves, investment, and the works

scheduled for the summer. Mrs Cellier explained the distinction between the logic of budgetary accounting, which falls within the French public framework, and that of financial accounting, which follows more international accounting standards.

1. Budgetary Accounting

The purpose of budgetary accounting is to ensure compliance with authorised expenditure, commitments, and payment appropriations, in accordance with the rules laid down by the Ministry of Finance. It is based on one fundamental principle: annuality. This means that the budget is prepared, approved, implemented, and monitored on an annual basis. Its principal regulatory framework is GBCP/GBCB, namely public budgetary and accounting management, supplemented by various decrees and circulars.

The budget is structured around three main categories. The first is **staffing**, which includes the salaries of teaching and administrative staff. The second is **operating expenditure**, which covers day-to-day costs such as charges, maintenance, and consumables. The third is **investment expenditure**, which relates to capital spending, for example major works or the purchase of computers costing more than €500, which are then recorded as assets.

The School's budget cycle includes an initial budget at the start of the year, followed by two revised budgets. The first, known as **BR1**, takes place in June. The second, **BR2**, is prepared at the end of the year; it is described as a "landing budget", as it enables forecasts to be adjusted and budgetary accounting to be aligned as closely as possible with financial accounting. This alignment is intended to reduce discrepancies between the two accounting approaches.

It was also noted that internal flows, that is to say transfers between entities, do not constitute budgetary entries. They are cash movements. In terms of budget execution, a rate between 95% and 100% is considered excellent, whereas a rate below 90% must be justified.

2. Financial Accounting

Financial accounting follows international accounting standards. Its principal purpose is to produce two key documents: the **balance sheet** and the **profit and loss account**. The balance sheet provides a snapshot of the School's assets and liabilities. The profit and loss account records expenditure, that is to say costs, and income, that is to say revenue.

This system of financial accounting also helps to explain the differences between it and budgetary accounting. These discrepancies arise in particular from depreciation, certain non-cash charges, and internal flows. Several management indicators were presented as essential, including the level of available cash reserves, the School's self-financing capacity, and other context-specific indicators, for example where certain sources of funding extend over two financial years.

3. The 2025 Financial Results

In 2025, the overall budget was executed at 97%, which was described as excellent. More specifically, the staffing allocation was executed at approximately 99%. Operating expenditure, excluding staffing, was executed



at around 92%. This was the least fully executed category, though the level was still considered acceptable. Investment expenditure, meanwhile, was executed at 100%, notably in relation to the kitchen and the investments provided for in the budget.

From a budgetary perspective, the accounts show an overall management deficit of **€625,394** on a VAT-inclusive budget of **€41 million**. However, once the exceptional kitchen-related expenditure, estimated at around **€1.5 million**, is neutralised, the adjusted result is close to a surplus of **€900,000**.

Under financial accounting, the net result is positive, standing at approximately **€10.7 million**. It was also noted that staff costs rose significantly in 2025, owing to salary increases and local factors. Finally, cash reserves as at **31 December 2025** stood at **€11,828,000**.

4. Cash Reserves

Cash reserves correspond to the total funds held in the School's bank accounts, namely one account in France in euros and one local account with SBC. It was indicated that a healthy level of cash reserves would more appropriately lie between **€1.5 million and €6 million**. The current level, which reached **€11.828 million** at the end of 2025, is therefore considered too high.

A plan to reduce these cash reserves will need to be implemented in order to return to a healthier level, within the range of **€1.5 million to €6 million**. The mixed rate used for deductible VAT will also need to be recalculated each year.

The objective for 2026 is therefore to reduce these reserves, principally through an investment plan of approximately **€2 million per year** and through tighter control of expenditure. Unlike directly managed establishments (EGDs), partner establishments have greater flexibility, as they are not subject to the same ceilings on budget authorisations.

5. Self-Financing Capacity and the Investment Plan

Self-financing capacity measures the cash surplus generated by the School's operations. This surplus may then be used to fund investment. It is calculated by adjusting the net result so as to exclude, in particular, non-cash income and expenditure, depreciation, and certain grants.

In 2025, investment expenditure amounted to approximately **€1.88 million**. It was recommended that annual investment should not exceed around **€2 million**, in order to preserve financial balance. A **five-year investment plan** is intended to restore the School's estate, with an anticipated annual capacity of between **€1.7 million and €2 million**. The intention is to use this capacity to finance the following year's investment, while ensuring accurate annual monitoring.

6. Internal Flows and Training Costs

The staff training institutes, known as **IRF**, centralise training budgets for personnel. Schools are then reimbursed in order to cover the training costs of their staff. Internal flows, such as **PFC** or **PRR**, have an effect on management accounting but are neutral from a cash perspective. Certain timing differences between receipts

and payments explain part of the variance in execution, as well as some of the differences observed between establishments.

VAT UPDATE

A new law provides for the application of **20% VAT** to tuition fee invoicing. In practical terms, schools collect this VAT from families and then pay it over to HM Treasury. The School therefore remits the VAT collected, but may in return recover part of the VAT paid on its own purchases. This recovery remains limited, however, because a large proportion of both expenditure and income is VAT-exempt, particularly in the Primary phase and in relation to pupils' meals. Where mixed transactions exist, a "mixed rate" calculation must be applied, referred to here as the **Tomis method**, in order to determine the proportion that is genuinely deductible.

For 2025, the total VAT collected on sales is projected on a taxable base of approximately **€6.8 million including VAT**. Recoverable VAT is estimated at around **€700,000**. This represents a relatively low recovery rate, of around **1.6% of total expenditure**. It was emphasised that this net effect does not fully offset inflation or the implementation costs of the reform.

Implementation costs were in fact incurred as early as 2025, notably in relation to software, tax advisers, and technical integration. There is, however, a possibility of partially recovering VAT retrospectively on investments made over the past ten years. This potential recovery is currently estimated at between **€670,000 and €870,000**, subject to an updated review. The mixed rate used to calculate deductible VAT is estimated at between **92% and 95%**, though it will need to be recalculated annually.

Lastly, it was recalled that the mixed VAT rate and the partial recovery of this tax are not sufficient to offset inflation in full, nor the implementation costs. Transparent communication with families will therefore be put in place, particularly regarding the fees charged to them and the use made of these sums.

Estates and Works Update

The summer works programme and the major projects scheduled for **summer 2026** were presented as a priority, both in order to avoid excessive cash reserves and to maintain or enhance the value of the School's assets.

Several major projects are planned for summer 2026, with the aim of completing them before the start of the September term.

The first major project concerns the **Wellbeing Centre**, which is to undergo a complete reconfiguration. The works will cover the internal spaces, the creation of thematic or private consultation rooms, and dedicated rest areas. This project would be funded at approximately **50% to 60%** through donations and external partners.

The second project relates to the **renovation of the kitchen**. The works are to be completed during the summer, with equipment testing in July and August, so that the facility is fully operational by September.



The third project concerns the **windows in the Victor Hugo building**. It is planned to replace the windows both externally and internally, and to install protective film against glare and heat.

Other budget lines will remain allocated to **security, emergency repairs, accessibility**, and a range of general improvements. A number of external landscaping projects are also planned, including the creation of reading or rest areas in an amphitheatre style, additional planting, improved circulation through the removal of cars from the central area, as well as a picnic and relaxation space for teachers, reserved for lunchtime use but accessible at other times.

The timetable provides for most of the works to be concentrated during the summer weeks, although some projects will begin as early as June. Access to the site will need to be coordinated with contractors, and all works must be completed before the beginning of the school year.

The summer works programme must therefore be completed before September, whether relating to the Wellbeing Centre, the kitchen, the windows, or the outdoor areas. At the same time, the School must continue its review of the retrospective recovery of VAT on past investment, within the ten-year window, in order to confirm the amounts that may genuinely be recovered. Lastly, it was recommended that communication regarding internal flows and the consistency between the different reporting tools, in particular between Excel files and the central system, should be improved.

III – ANY OTHER BUSINESS

The APL has asked whether it would be possible to obtain, before the end of the current academic year, the figures relating to requests for examination access arrangements, including the number of requests submitted and the number granted in full or in part.

The APL also asked whether a regular presence of the wellbeing team on the Primary school sites might be considered, in order to respond more effectively to the needs of families.