

THE SIXTH FORM COLLEGE,
SOLIHULL

REPORT AND
FINANCIAL STATEMENTS

For the year ended 31 July 2015

THE SIXTH FORM COLLEGE, SOLIHULL

FINANCIAL STATEMENTS

For the year ended 31 July 2015

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THE SIXTH FORM COLLEGE, SOLIHULL

OPERATING AND FINANCIAL REVIEW

For the year ended 31 July 2015

Nature, Objectives and Strategies:

The members present their report and audited financial statements for the year ended 31 July 2015.

Legal Status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting The Sixth Form College, Solihull. The College is an exempt charity for the purposes of the Charities Act 2011.

Mission

The College's mission as approved by its members is:

"The Sixth Form College, Solihull is a College where we all strive to achieve academic distinction and personal growth."

Public Benefit

The College is an exempt charity under the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 16.

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

- High quality teaching
- Widening participation and tackling social exclusion
- Excellent record of progression to higher education for students
- Strong student support systems
- Links with employers and higher education institutions.

THE SIXTH FORM COLLEGE, SOLIHULL

OPERATING AND FINANCIAL REVIEW (continued)

For the year ended 31 July 2015

Implementation of operational plan

The Ofsted Inspection in September 2013 confirmed that the Strategic Priorities set by the Board addressed the key issues we face, and also that the operational plans for the delivery of these objectives were appropriate and being implemented energetically. Since then, progress during 2014/15 indicates that the College strategy is correct and outcomes for students are on course for improvement. The College Strategic Objectives therefore remain:

- Success rates in all courses will exceed national benchmarks
- Teaching & Learning in College will be outstanding and enjoyable for all involved.
- Students, parents, staff and Governors will form an engaged, well informed and aspirational College community.
- Staff and students will be well prepared for the challenges we will face in the future.
- The College will be led in a manner which gives all stakeholders confidence in our future.

In July 2015, the Corporate Board reviewed progress on all the Development Plans which came to the end of the 5 year planning cycle. They confirmed that objectives had been secured in all areas, and began a full review for new strategic objectives which will run from 2015 to 2020

1 Student Numbers

Student numbers are funded by the EFA through the "lagged numbers" system. Enrolments for September 2014 exceeded the funded target. This will attract funding for 2015/16.

	Funded Target	Enrolments
16-18	2,215	2,255
19+	n/a	-

The local market is now considerably more competitive and strong application levels do not guarantee strong enrolments. Strategic planning includes sensitivity analysis on student numbers, and is supported by modelling of three alternative scenarios for recruitment. We have reflected the lowest of these in our long term financial planning. Staff numbers are managed effectively to mirror student recruitment.

THE SIXTH FORM COLLEGE, SOLIHULL

OPERATING AND FINANCIAL REVIEW (continued)

For the year ended 31 July 2015

2. Teaching & Learning

In 2014/15 the College made no changes to the curriculum offer but continued the on-going process of reviewing courses against student demand in order to maintain the fresh and vibrant range of courses which attract so many students to us. This will result in two new courses being offered from 2016/17.

The “Strategic Priorities” approach to College planning has identified excellence in teaching & learning, and outstanding success rates in all courses as key targets for the College. As a result, considerable work has taken place to refocus key quality and self-assessment processes in the College so that they deliver these outcomes more effectively. In-year curriculum “Health Checks” are now supported by the use of the “Aspire Wheel” ensuring effective integration of all improvement strategies.

The College remains committed to an attractive enrichment programme despite the intense funding pressures this will face over the next three years. The Study Programmes approach embedded in the new funding methodology has been used to identify a core 540 hours delivered to all students recorded through timetabled commitments, supplemented by a wide range of enrichment activities which take most student programmes well over 600 hours. The range of enrichment opportunities includes team sports, performing arts, the Career Passport scheme, specialist academies, curriculum enhancements and residential visits.

3. Resources

In 2014/15, the College completed its third project under the SFC Building Improvement Fund (BCIF) to refurbish and extend English classrooms on the top floor of the Blythe building and improve the College’s wireless IT network. This major project was successfully delivered with minimum disruption. The on-going rationalisation of IT infrastructure in the College continues to reflect changing usage patterns and ensure the College responds appropriately to reduced funding, wider student use of portable devices, and the rapid development of our own web-based TYBER system. The second stage of IT infrastructure works, replacement of the telephone system, started in July 2015.

THE SIXTH FORM COLLEGE, SOLIHULL

OPERATING AND FINANCIAL REVIEW (continued)

For the year ended 31 July 2015

4. Guiding and supporting learners

Further progress has been made in sharpening student support through the development of Academic Coaches and the use of the Tyber tracking system. Attendance and retention remain above benchmark and were noted as strengths during the Ofsted Inspection. Changes to examination patterns with the withdrawal of January modules have made it difficult to compare patterns of student behaviour with previous years, but our “end point” in July seems consistent with previous good performance. Experimental data on student destinations published by the Department for Education appears to under-record our positive destinations, but even so, suggests our performance is approximately 10% above the national average. The College has reviewed provision for 2015/16 onwards in the light of new A level specifications, and will introduce a thoroughly revised timetable and delivery pattern from September 2015 to meet the needs of the new curriculum. This has been fully embedded in advice and guidance for applicants, despite the uncertainty created by the 2015 election.

5. Employer engagement

We are increasingly aware that students wish to consider a wider range of post-18 options than just university. We also know that, nationally and regionally, employers feel that students need better preparation for the world of work than they currently display when entering the employment market. The College has therefore built on the success of the Careers Academy model delivered at the College for the past three years, and launched a Careers Passport scheme for *all* students. During 2012/13, this was piloted with approximately 100 Business Studies A Level students. From September 2013 we have been gradually extending the reach of this project with the ultimate aim of involving all students. Our capacity to support work placements, employer links and volunteering opportunities has grown, and the scheme has been adapted in the light of experience to allow students to “accredit” in a staged approach. 100% engagement is a demanding target and we are still some way from securing this, but making progress. The initiative has already created a network of employer links which are informing curriculum development and aligning the College better with employer needs.

THE SIXTH FORM COLLEGE, SOLIHULL

OPERATING AND FINANCIAL REVIEW (continued)

For the year ended 31 July 2015

6. Quality Assurance

The College continues to operate a rigorous quality cycle. Amendments have been made to quality systems in the light of the new Common Inspection Framework and the Strategic Priorities identified with the Corporate Board. Steps have been taken to streamline the process for all involved, and to create a more dynamic and improvement focused model. In two key curriculum areas results were below expectations. In Physics, results moved back to the unacceptable levels of 3 years ago, wiping out incremental gains hard won over recent years. As a result, changes to the leadership of the area and new entry requirements have been introduced. In Art & Design, although results moved forward, the value-added outcomes for students remained well below expectations. Further robust support for the leadership of the area lead to improved approaches over the year, and leadership changes for the start of 2015/16 will build on these.

7. Staff Training and Development

During 2014/15 College staff participated in a wide range of training activities and a continued focus on Teaching and Learning has influenced the way that full INSET days have been used. All teaching teams were provided with timetabled meeting time and all staff have been involved in the development of strategy related to the curriculum reforms to be introduced from 2015.

We continue to deliver a rolling programme of updates for all staff covering legal requirements in areas such as Safeguarding, Equality & Diversity and Health & Safety.

All staff have appropriate teaching qualifications.

8. Risk management

The College has a risk management plan in place and this is an integral part of the operational plan. During 2014/15, the plan was monitored by managers and governors each term and effective strategies are in place to manage the key risks facing the College. In our opinion, the Corporate Board can take substantial assurance that the controls upon which the College relies to manage the areas of risk, as currently laid down and operated, are effective.

PERFORMANCE INDICATORS

The College is committed to observing the importance of sector measures and indicators and looks at measures such as success rates and value added data. The College is required to complete the annual finance record for the EFA. The finance record produces a financial health grading of Outstanding.

THE SIXTH FORM COLLEGE, SOLIHULL

OPERATING AND FINANCIAL REVIEW (continued)

For the year ended 31 July 2015

FINANCIAL POSITION

Financial results

The College reported an operating surplus in the year of £653,000 (2013/14: £14,000). The College has accumulated income and expenditure reserves of £10m (excluding pension reserve) with current account and treasury deposit balances of £9m.

Tangible fixed asset additions during the year amounted to £359,000 (2013/14: £1,916,000). This consisted of £254,000 BCIF building refurbishment projects and £105,000 equipment purchases.

The College has significant reliance on the EFA for its principal funding source, largely from recurrent grants.

Financial objectives

The College has performed strongly against all its financial objectives:

Financial objectives	Performance against objectives
Have good financial health at a time of funding reductions	<p>Achieved:</p> <p>Quarterly assessments of the College's financial health category are reported to the College Leadership Team and governors in the management accounts.</p> <p>Using the EFA measurements for financial health, these financial statements indicate that the College had outstanding financial health in 2014/15.</p> <p>The College's financial plan shows the College with outstanding financial health for 2014/15 to 2019/20.</p> <p>Financial plan modelling indicates that the College's financial health would remain good or outstanding for 2014/15 to 2019/20 in the event of 10% further funding cuts.</p>
Meet the requirements of key stakeholders including the College's lender	<p>Achieved:</p> <p>The College's performance in 2014/15 meets all the loan agreement covenants. The College's financial plan predicts that this will continue.</p>
Demonstrate outstanding financial management and control	<p>Achieved:</p> <p>Internal audit reports and the regularity audit have not identified any significant weaknesses in the College's financial management and control.</p>

THE SIXTH FORM COLLEGE, SOLIHULL

OPERATING AND FINANCIAL REVIEW (continued)

For the year ended 31 July 2015

Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. The College has a separate treasury management policy in place.

Short term borrowing for temporary revenue purposes is unnecessary due to the College's high cash reserves. If ever needed, this would require the authorisation of the Finance & General Purposes Committee. Such arrangements are restricted by limits in the Financial Memorandum with the EFA. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

Cash flows

The College had a strong operating cash inflow of £955,000 (2013/14: £583,000).

Liquidity

During the year, the College had no new loans. The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cashflow. During the year this margin was comfortably exceeded.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers and learner success rates

In 2014/15 the College has delivered activity that has produced £9,425,000 funding body main allocation funding (2013/14 – £9,414,000). The College had 2,255 students funded by EFA. Students continue to prosper at the College:

	2011/12	2012/13	2013/14	2014/15
	% success	% success	% success	% success
	rate	rate	rate	rate
A2	97	96	96	96
AS	80	82	79	78
BTEC	92	96	94	96

THE SIXTH FORM COLLEGE, SOLIHULL

OPERATING AND FINANCIAL REVIEW (continued)

For the year ended 31 July 2015

Curriculum developments

The Sixth Form College, Solihull is committed to providing a quality learning experience for all of its students. Since the College was opened, it has gained an enviable reputation, both locally and nationally, for the quality of its provision. The College aims to make students' progression from school and GCSE to College, and from College to employment or higher education, as smooth as possible and students are offered experiences which will help them to bridge the transition between school life and the greater freedoms and demands of university and working life. As one of the largest providers of UCAS applicants in the country, the College enjoys excellent working relationships with universities and Colleges throughout the United Kingdom and with a large number of major companies. It draws on these relationships in offering to students a very comprehensive system of guidance on career and higher education choices.

All of the College's students are on level 3 programmes, with approximately 80% on A level courses and 20% on applied courses. The College offers a very wide range of subjects at Level 3. The precise mix is kept under constant review to ensure our portfolio meets student need and demand.

There are no changes to entry requirements for 2015 and arrangements are in place to ensure that all students meet the requirements to count as full-time students under the EFA 'programme of study.' Students are required to have grade C passes in English and Mathematics as a condition of entry, and only accepted without these in exceptional circumstances when individual arrangements are made to ensure that their programme includes these qualifications, so that they are fully funded.

THE SIXTH FORM COLLEGE, SOLIHULL

OPERATING AND FINANCIAL REVIEW (continued)

For the year ended 31 July 2015

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998 requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The College maintains good relations with its suppliers through paying suppliers in weekly BACS runs for invoices received in the previous 30 days. The College also has widespread use of government procurement cards to further speed up payments to suppliers. In 2014/15, 98.6% (2013/14: 96.0%) of purchases were paid within 30 days. The College incurred no interest charges in respect of late payment for this period.

Post-balance sheet events

There were no post balance sheet events that require adjustment or disclosure in the financial statements.

Future developments

The College does not anticipate significant capital development in the near future beyond IT infrastructure rationalisation. All proposed curriculum developments can be within existing premises.

On-going efficiency savings from better procurement practice and curriculum management continue to create savings. The shift to guidance and pastoral support being provided by non-teacher qualified staff (our Academic Coaches) has been successfully embedded, and is now a model being shared and adopted by other Colleges. Further initiatives to improve quality and increase efficiency include a rolling review of staffing levels and job descriptions in all support staff areas, and continued investment in the use of web-based systems for communication and student tracking. All teaching staff were involved in a review of timetable arrangements following the significant increase to teaching loads in 2014/15. Although staff absence data did not show any increase in sickness leading to disrupted teaching, all agreed that the new load was eroding staff resilience and energy. The consultation led to the creation of a new timetable for 2015/16, which does slightly reduce teaching contact, and creates better arrangements for meetings, breaks and shared planning.

THE SIXTH FORM COLLEGE, SOLIHULL

OPERATING AND FINANCIAL REVIEW (continued)

For the year ended 31 July 2015

RESOURCES:

The College has various resources that it can deploy in pursuit of its strategic objectives. Tangible resources include the College site and £8.9 million in cash and investments.

Financial

The College has £14.0 million of net assets and a term loan of £3.7 million.

People

The College employs 171 people (expressed as full time equivalents), of whom 92 are teaching staff.

Reputation

The College has a good and improving reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships.

PRINCIPAL RISKS AND UNCERTAINTIES:

The College has undertaken further work during the year to develop and further embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

The College Leadership Team and Audit Committee undertake a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, they also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at the College level, which is reviewed at least annually by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

THE SIXTH FORM COLLEGE, SOLIHULL

OPERATING AND FINANCIAL REVIEW (continued)

For the year ended 31 July 2015

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Risk:	Mitigated by:
1 Inability to sustain high levels of success rates which inspire confidence in the College	All staff are aware of, trained and share good practice for forthcoming curriculum changes. The College has a high status mock exam week and staff are enrolled as examiners.
2 Inability to appropriately manage provision and resources to match volatile student enrolment	Effective marketing, strong staff planning and monitoring of applications, resolution of over-staffing, an innovative new timetable and investment in partnership initiatives. Over-recruitment is mitigated by a strong financial position to cope with lagged funding, defensive options within entry processes and spare accommodation. Imbalances in recruitment are mitigated by a flexible curriculum, staff who can teach multiple courses, and a recruitment process that closes courses which are 'full.'
3 Weakening financial viability	Monthly management accounts monitor reductions in staff numbers and variances against budget. Staffing reconciliations minimise spare teacher hours and ensure that any are fully used. Support staff benchmarking review identifies areas of scope for efficiencies. Continued use of effective procurement to ensure value for money. Close monitoring of large estates and IT projects.
4 Adverse perceptions of the College	Robust quality assurance, investment in marketing, effective student commitment and disciplinary process, good site security and positive police links.
5 Inability to safeguard students at the College	All staff are DBS checked and LSCB Level 1 trained and the DMS is trained to Level 2. All staff have LSCB refresher training every three years and new staff within four weeks. Students are made aware of DMS team. Termly audit of safeguarding training record and single central record by safeguarding governor. DMS meetings to review cases, records and share good practice. At least one interviewer on each recruitment panel is trained in safe recruitment.

THE SIXTH FORM COLLEGE, SOLIHULL

OPERATING AND FINANCIAL REVIEW (continued)

For the year ended 31 July 2015

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Risk:

Mitigated by:

6 Failure to deliver successfully on major IT initiatives and/or major IT systems failure

Review of IT services and software development, internal audit, close monitoring of project by F&GP Committee, clear definitions of stakeholders and objectives, use of external consultants and close involvement of procurement manager to negotiate advantageous contracts.

7 Other risks

Mitigating action is taken to minimise the risk of loss of access to site, pandemic, unexpected loss of key managers, fraud or bribery and loss of part or all of the site.

THE SIXTH FORM COLLEGE, SOLIHULL

OPERATING AND FINANCIAL REVIEW (continued)

For the year ended 31 July 2015

STAKEHOLDER RELATIONSHIPS

In line with other Colleges and with universities, the College has many stakeholders including the following:

Stakeholders	Communication and engagement	
Students	<ul style="list-style-type: none"> • Weekly student bulletins & social media • Student Council meetings with the Principal • Two members of the Corporation are student governor's • College "Question Time" event 	
Parents	<ul style="list-style-type: none"> • Two members of the Corporation are parent governors • Introductory parents evenings, HE information evenings, and subject based parental Consultation Evenings. • Annual Parental Perception Survey 	
Staff	<ul style="list-style-type: none"> • Joint Staff Group chaired by the Principal meets regularly • Human Resources holds an annual meeting with the Joint Staff Group • Weekly staff bulletins • One member of the Corporation is a teacher and one is a member of support staff • Annual Staff Survey 	
Education Agency	Funding	<ul style="list-style-type: none"> • Extensive discussions regarding post-16 planning in Solihull
Solihull MBC		<ul style="list-style-type: none"> • Principal is member of key forums
Other local schools, Colleges and universities		College participation in: <ul style="list-style-type: none"> • 14-19 Strategic Forum • Collegiate meetings • Birmingham & Solihull Principals' Group • Collaboration with other local Colleges and regional universities
Trade unions		<ul style="list-style-type: none"> • Discussion structured through the Joint Staff Group with regular meetings
Local community		<ul style="list-style-type: none"> • Meetings with Local Authority Members on specific issues. • Regular liaison with the Mayor's office. • Activities around the Careers Passport have involved enhanced links with local employers now formalised as a Career Passport Ambassadors group reporting to the Governing Body.

THE SIXTH FORM COLLEGE, SOLIHULL

OPERATING AND FINANCIAL REVIEW (continued)

For the year ended 31 July 2015

SOCIAL, ENVIRONMENTAL AND ETHICAL ARRANGEMENTS

The College recognises the importance of economic, environmental and social sustainability. We believe that every organisation has a responsibility to improve its sustainability, and moreover that best practice in this area can lead to significant benefits – enhancing accountability, efficiency, good management and quality education.

During 2014/15, the College sought to reduce its resource impact by planning the installation of further solar panels to generate electricity.

Equal opportunities and employment of disabled persons

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. The College's work will be resourced, implemented and monitored on a planned basis.

The College's Equal Opportunities Policy is published on the College's Intranet Moodle.

The College considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees.

Equality and Diversity statement

The College seeks to achieve the objectives set by the Equality Act 2010. The work of the College in meeting the requirements of the Act is reviewed annually by the College's Equality and Diversity Committee which reports to the College Leadership Team and the Corporate Board. Information on how the College meets its duties is highlighted in the student diary. Copies are available from the College and on the website.

Disclosure of information to auditors

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

Charities Act 2011

The College has regard to the Charity Commission's guidance on public benefit and has delivered education for public benefit. No expenses or payments were paid to governors for serving as governors. There were no related party transactions involving governors.

THE SIXTH FORM COLLEGE, SOLIHULL

OPERATING AND FINANCIAL REVIEW (continued)

For the year ended 31 July 2015

Professional advisors

FINANCIAL STATEMENT
AND REGULARITY AUDITORS:
35 Calthorpe Road
Edgbaston
Birmingham
B15 1TS

Moore Stephens LLP
Chartered Accountants

INTERNAL AUDITORS:
Charterhouse
Legge Street
Birmingham
B4 7EU

Baker Tilly

BANKERS:
9-11 Poplar Road
Solihull
B91 3AN

Lloyds Bank plc

SOLICITORS:
6 Victoria Place
Carlisle
CA1 1ES

Burnetts

Approved by order of the members of the Corporation on 15 December 2015 and signed on its behalf by:


Vice-Chair


Chair of F+GP committee

A Price
Chair of the Corporate Board

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THE SIXTH FORM COLLEGE, SOLIHULL

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

For the year ended 31 July 2015

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure.

The College endeavours to conduct its business:

- in accordance with the seven principles identified by the committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership); and
- in full accordance with the UK Corporate Governance Code (“the Code”) insofar as it is applicable to sixth form Colleges.

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the Code. In the opinion of the governors, the College complies with all the principles of the Code in so far as they applicable by sixth form Colleges, and it has complied throughout the year ended 31 July 2015. The Governing Body recognises that, as a body entrusted with both public and private funds, it has particular duty to observe the highest standards of corporate governance at all times.

The College is an exempt charity within the meaning of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission’s guidance on public benefit and that the required statements appear elsewhere in these financial statements.

The Corporation

The members who served on the Corporation during the year and up to the date of signature of this report were as follows:

Name	Date first appointed	Date of expiry of current term	Date retired	Status	Committees served <i>See key below</i>	Attendance %
Mr P Ashdown	1 Apr 2009	n/a		Principal	C F H S	86
Mr R Beale-Burchell	21 May 2013	20 May 2017		Independent	F	83
Mr D Bryson	1 Nov 2014	31 Oct 2018		Staff	C	78
Mr A Bull	12 Feb 2013	11 Feb 2017		Independent	C SP	91
Mrs K Chester (Vice-Chair)	30 Apr 2003	20 May 2017		Independent	A R S SL	80
Mr N Clements	8 Dec 2009	7 Dec 2016		Independent	F R SL SP	77
Mrs F Dennis-Stephens	1 Jan 2015	15 Jan 2017		Parent	C	57
Mr P Farrow	1 Mar 2010	28 Feb 2017		Independent	A SL	63
Mrs E Formosa	3 Feb 2011	2 Feb 2015	2 Feb 2015	Staff	F	80
Mr A Hadi	22 Oct 2013	21 Oct 2017		Independent	H	56
Mrs J Hamilton	3 Mar 2009	2 Mar 2016	22 May 2015	Independent	C H	91
Mr S Harber	1 Jan 2013	31 Dec 2014	31 Dec 2014	Parent	C	100
Mrs A Jones	7 Feb 2012	6 Feb 2016	27 Apr 2015	Independent	C H R SL SP	91
Miss A Lenihan	1 Nov 2014	31 Jul 2016		Student	F	70
Mr L Millard	8 Dec 2009	7 Dec 2016		Independent	C R S SL	75
Mrs R Miller	1 Nov 2013	31 Oct 2015		Parent	H	89
Mr D Munton	14 Dec 2010	13 Dec 2018		Independent	A R S	80
Mrs T Padro	12 Feb 2013	11 Feb 2017		Independent	H SP	67
Mr A Price (Chair)	1 Nov 2009	7 Dec 2016		Independent	F R S SL	93
Miss A Qurban	1 Nov 2014	31 Jul 2015		Student	C	78
Mrs R Samrai	1 Jan 2012	31 Dec 2015	31 Oct 2014	Staff	C	100
Miss K Sherwood	5 Feb 2015	4 Feb 2019		Staff	F	86

THE SIXTH FORM COLLEGE, SOLIHULL

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

For the year ended 31 July 2015

The Corporation (continued)

Audit Committee	A	Search Committee	S
Finance & General Purposes Committee	F	Selection Committee	SL
Human Resources Committee	H	Special Committee	SP
Curriculum & Quality Committee	C	Remuneration Committee	R

Other postholders who assisted the Corporate Board during the period were as follows:

Name	Post	Date of appointment	Date of retirement/resignation
Mrs J Hamilton	Clerk to Corporate Board	1 September 2010	
Mrs J Parkes	Secretary to Corporate Board	17 October 1994	
Mrs J Hamilton	Vice Principal	1 September 2010	
Mr M Sullivan	Vice Principal	1 September 2010	

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and human resources related matters such as health and safety and environmental issues. The Corporation meets six times per annum.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Finance and General Purposes, Remuneration, Search, Audit, Human resources, Curriculum and Quality, Selection and Special. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College website and on request from the Secretary to the Corporation at:

The Sixth Form College, Solihull
Widney Manor Road, Solihull B91 3WR

The Clerk to the Corporate Board maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

All governors are able to take independent professional advice in furtherance of their duties at the College's expense, and have access to the Clerk to the Corporate Board, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are also provided on an ad-hoc basis.

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. There is a clear division of responsibility in that the roles of the Chair and Accounting Officer are separate.

THE SIXTH FORM COLLEGE, SOLIHULL

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

For the year ended 31 July 2015

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a search committee that is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years.

Remuneration Committee

The remuneration committee's responsibilities are to make recommendations to the Board on the remuneration of the Accounting Officer and other senior postholders.

Details of remuneration for the year ended 31 July 2015 are set out in note 7 to the financial statements.

Audit Committee

The audit committee operates in accordance with written terms of reference approved by the Corporation which reflect the Audit Code of Practice.

The audit committee meets four times per annum and provides a forum for reporting by the College's internal and external auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business. The Committee advises the Board on the effectiveness of the College's whole system of internal control including controls for securing economy, efficiency and effectiveness.

The College's internal auditors monitor the systems of internal control in accordance with an agreed plan of input and report their findings to management and the Audit Committee. Management are responsible for the implementation of agreed recommendations and internal audit undertake periodic follow up reviews to ensure such recommendations have been implemented.

The audit committee also advises the Corporation on the independence of the Clerk and the appointment of internal and external auditors and their remuneration for both audit and non-audit work.

Finance & General Purposes Committee

The finance and general purposes committee oversees the financial management of the College in accordance with the authorities and responsibilities set out in the financial regulations.

Human Resources Committee

The human resources committee advises the Board on the policies and procedures for the appointment, dismissal, discipline and appraisal of senior postholders. The human resources committee advises the Accounting Officer on all matters relating to the appointment, grading, appraisal, pay and conditions of service of all staff. The Committee also reviews the staff development annual report.

THE SIXTH FORM COLLEGE, SOLIHULL

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

For the year ended 31 July 2015

Search Committee

The search committee oversees the selection and appointment of the members of the Board with the exception of parent, student and staff members.

Curriculum and Quality Committee

The curriculum and quality committee oversees the curriculum offer, student success rates and quality of College services.

Selection Committee

The selection committee oversees the selection and appointment of all senior post holders.

Special Committee

The special committee examines the case for the discipline and possible dismissal of senior postholders.

Internal Control

Scope of Responsibility

The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. 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 Corporation has delegated the day to day responsibility to the Accounting Officer, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between the College and the Education Funding Agency. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal financial control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College 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 College for the year ended 31 July 2015 and up to the date of approval of the annual report and accounts.

Capacity to Handle Risk

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the year ending 31 July 2015 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

THE SIXTH FORM COLLEGE, SOLIHULL

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

For the year ended 31 July 2015

The Risk and Control Framework

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

- comprehensive budgeting systems with an annual budget which is reviewed and agreed by the governing body
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines where appropriate.

The Sixth Form College, Solihull has an internal audit service, which operates in accordance with the requirements of the EFA and SFA's Joint Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the College's governing body on the recommendation of the audit committee. At least annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of Effectiveness

As Accounting Officer, they have responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements auditors and regularity auditors in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the audit committee which oversees the work of the internal auditors, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The College leadership team receives reports setting out key performance and risk indicators, and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The College leadership team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control.

THE SIXTH FORM COLLEGE, SOLIHULL

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

For the year ended 31 July 2015

Review of Effectiveness (continued)

The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the College leadership team and Audit Committee. The emphasis is on obtaining the relevant degree of assurance, not merely reporting by exception. At its 15 December 2015 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2015 by considering documentation from the College leadership team and internal audit, and taking account of events since 31 July 2015.

Based on the advice of the Audit Committee and the Accounting Officer, the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets."

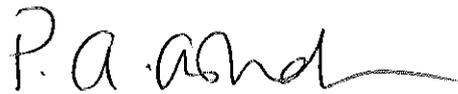
Going Concern

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Corporation on 15 December 2015 and signed on its behalf by:



AP A Price
Chair of the Corporate Board



P Ashdown
Accounting Officer

THE SIXTH FORM COLLEGE, SOLIHULL

GOVERNING BODY'S STATEMENT ON THE COLLEGE'S REGULARITY, PROPRIETY AND COMPLIANCE WITH FUNDING BODY TERMS AND CONDITIONS OF FUNDING For the year ended 31 July 2015

The Corporation has considered its responsibility to notify the Education Funding Agency of material irregularity, impropriety and non-compliance with Education Funding Agency terms and conditions of funding under the funding agreement in place between the College and the Education Funding Agency. As part of its consideration the Corporation has had due regard to the requirements of the funding agreement.

We confirm, on behalf of the Corporation, that after due enquiry, and to the best of its knowledge, the Corporation is able to identify any material irregular or improper use of funds by the College, or material non-compliance with the Education Funding Agency's terms and conditions of funding under the College's funding agreement.

We 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 Education Funding Agency.



PP A Price
Chair of the Corporate Board



P Ashdown
Accounting Officer

THE SIXTH FORM COLLEGE, SOLIHULL

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

For the year ended 31 July 2015

The members of the Corporation of the College are required to present audited financial statements for each financial year.

Within the terms and conditions of the Financial Memorandum agreed between the Education Funding Agency and the Corporation of the College, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education, and with the Accounts Direction issued jointly by the Skills Funding Agency and the Young Peoples Learning Agency, which give a true and fair view of the state of affairs of the College and the result for that year.

In preparing the financial statements, the corporation is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

The Corporation is also required to prepare an operating and financial review which describes what it is trying to do and how it is going about it, including the legal and administrative status of the college.

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and to enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It has general responsibility for taking such steps that are reasonably open to it to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the College website is the responsibility of the Corporation of the College; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

THE SIXTH FORM COLLEGE, SOLIHULL

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

(continued)

For the year ended 31 July 2015

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the Education Funding Agency are used only in accordance with the Financial Memorandum with Education Funding Agency and any other conditions that may be prescribed from time to time. Members of the corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the corporation are responsible for securing the economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the EFA are not put at risk.

Approved by order of the members of the Corporate Board on 15 December 2015 and signed on its behalf by:



PP A Price
Chair of the Corporate Board

THE SIXTH FORM COLLEGE, SOLIHULL

INDEPENDENT AUDITORS' REPORT TO THE CORPORATION OF THE SIXTH FORM COLLEGE, SOLIHULL

We have audited the College financial statements ("the financial statements") set out on pages 26 to 58. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Corporation, as a body, in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation, as a body, 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 Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Corporation of The Sixth Form College, Solihull and Auditor

As explained more fully in the Statement of the Corporation's Responsibilities set out on pages 22 and 23, the Corporation is responsible for the preparation of financial statements which 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 (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

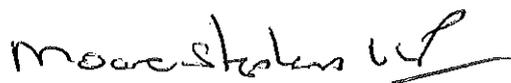
In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2015 and of the College's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Joint Audit Code of Practice issued jointly by the Skills Funding Agency and the Education Funding Agency requires us to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.



MOORE STEPHENS LLP
Statutory Auditor
Chartered Accountants
35 Calthorpe Road
Edgbaston
Birmingham
B15 1TS

15 | 12 | 2015

THE SIXTH FORM COLLEGE, SOLIHULL

INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 July 2015

	Notes	2015 £'000	2014 £'000
INCOME			
Funding council income	2	9,608	9,431
Tuition fees and education contracts	3	2	6
Other income	4	443	351
Endowment and investment income	5	109	91
Total income		10,162	9,879
EXPENDITURE			
Staff costs	6	6,590	6,913
Other operating expenses	8	2,026	2,082
Depreciation	11	701	659
Interest payable	9	192	211
Total expenditure		9,509	9,865
Surplus on continuing operations after depreciation of assets at valuation and before tax		653	14
Loss on disposal of assets		-	-
Surplus on continuing operations after depreciation of assets at valuation and tax		653	14
Taxation	10	-	-
Surplus on continuing operations after depreciation of assets at valuation and tax	22	653	14

The income and expenditure account is in respect of continuing activities.

THE SIXTH FORM COLLEGE, SOLIHULL
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 July 2015

	Notes	2015 £'000	2014 £'000
Surplus on continuing operations after depreciation of assets at valuation and tax		653	14
Actuarial losses in respect of enhanced pensions		(6)	(5)
Actuarial (losses)/gains in respect of pension scheme	26	(429)	479
		<hr/>	<hr/>
Total recognised gains relating to the period		218	488
Reconciliation			
Opening reserves and endowments		11,433	10,945
Total recognised gains for the year		218	488
		<hr/>	<hr/>
Closing reserves and endowments		11,651	11,433

THE SIXTH FORM COLLEGE, SOLIHULL
STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS
For the year ended 31 July 2015

	Notes	2015 £'000	2014 £'000
Surplus on continuing operations before taxation		653	14
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	21	84	84
Historical cost surplus for the year before taxation		<u>737</u>	<u>98</u>
Historical cost surplus for the year after taxation		<u>737</u>	<u>98</u>

THE SIXTH FORM COLLEGE, SOLIHULL

BALANCE SHEET

As at 31 July 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	11	11,446	11,788
Expendable endowments	12	38	41
Current assets			
Debtors	13	150	131
Investments	14	7,869	7,600
Cash at bank and in hand		1,010	762
Total current assets		9,029	8,493
Less: Creditors – amounts falling due within one year	15	(865)	(1,052)
Net current assets		8,164	7,441
Total assets less current liabilities		19,648	19,270
Less: Creditors – amounts falling due after more than one year	16	3,434	3,681
Less: Provisions for liabilities	18	150	148
Net assets excluding pension liability		16,064	15,441
Net pension liability	26	(2,085)	(1,635)
NET ASSETS INCLUDING PENSION LIABILITY		13,979	13,806

THE SIXTH FORM COLLEGE, SOLIHULL

BALANCE SHEET

As at 31 July 2015

	Notes	2015 £'000	2014 £'000
Deferred capital grants	19	2,328	2,373
Expendable endowments	12	38	41
Income and expenditure account excluding pension reserve	22	10,033	9,278
Pension reserve	26	(2,085)	(1,635)
Income and expenditure account including pension reserve	22	7,948	7,643
Revaluation reserve	21	3,665	3,749
Total reserves		11,613	11,392
TOTAL FUNDS		13,979	13,806

The financial statements on pages 26 to 58 were approved by the Corporation and authorised for issue on 15 December 2015 and are signed on its behalf by:

pp A Price - Chair of Corporate Board



P Ashdown - Accounting Officer

THE SIXTH FORM COLLEGE, SOLIHULL

CASH FLOW STATEMENT

For the year ended 31 July 2015

	Notes	2015 £'000	2014 £'000
Cash inflow from operating activities	23	982	584
Returns on investments and servicing of finance	25	(103)	(44)
Capital expenditure and financial investment	25	(147)	(1,189)
Management of liquid resources	25	(269)	132
Financing	25	(218)	(211)
		<hr/>	<hr/>
Increase / (decrease) in cash in the year		245	(728)
Reconciliation of net cash flow to movement in net funds			
Increase / (decrease) in cash in the year		245	(728)
Cash inflow from repayment of secured loans		219	210
Cash inflow / (outflow) from placing of current asset investment deposits		269	(132)
		<hr/>	<hr/>
Movement in net funds in the year		733	(650)
Net funds at 1 August		4,503	5,153
		<hr/>	<hr/>
Net funds at 31 July		5,236	4,503

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS

For the year ended 31 July 2015

1 Statement of Principal Accounting Policies

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2007 (the SORP) and in accordance with applicable Accounting Standards. They conform to guidance published jointly by the Skills Funding Agency and the EFA in the Accounts Direction for 2014 to 2015 Financial Statements.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom Accounting Standards.

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review. The financial position of the College, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The College currently has £3.7m of loans outstanding with bankers with the terms of the existing agreement set in 2007 for the remaining life of the term loan. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

Accordingly the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of income

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for adult skills funding is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of November following the year end. 16-18 learner-responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments.

Non-recurrent grants from the EFA or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS

For the year ended 31 July 2015

1 Statement of Principal Accounting Policies (continued)

Recognition of income (continued)

Income from tuition fees is recognised in the period for which it is earned and includes all fees payable by students or their sponsors. Income from grants, contracts and other services rendered is included to the extent the conditions of the funding have been met or the extent of the completion of the contract or service concerned.

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned. Income from restricted purpose endowment funds not expended in accordance with the restrictions of the endowment in the period is transferred from the income and expenditure account to accumulated income within endowment funds.

Post retirement benefits

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

Teachers' Pension Scheme

Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College 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 26, the TPS is a multi employer scheme and the College 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.

Local Government Pension Scheme

A liability is recognised in the balance sheet in respect of the defined benefit scheme which represents the present value of the defined benefit obligation at the balance sheet date less the fair value of scheme assets. The assets of the LGPS are measured at fair value. A full valuation of the liability is calculated by an independent actuary every 3 years and updated on an annual basis using the projected unit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to scheme liabilities. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. They are included as a part of staff costs. The expected return on the scheme's assets and interest costs are shown as a net amount of other finance costs or credits adjacent to interest. Past-service costs are recognised immediately in income, unless the changes to the pension scheme are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period. Actuarial gains and losses are recognised immediately in the statement of recognised gains and losses.

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS

For the year ended 31 July 2015

1 Statement of Principal Accounting Policies (continued)

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the EFA and SFA

Tangible fixed assets

Land and buildings

Land and buildings inherited from the local education authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure on an accruals basis.

Building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 40 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 5 and 25 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account, and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Finance costs, which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable. Short falls between the carrying value of fixed assets and their recoverable amounts are still recognised as impairments. Impairment losses are recognised in the income and expenditure account.

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS

For the year ended 31 July 2015

1 Statement of Principal Accounting Policies (continued)

Tangible fixed assets (continued)

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Asset capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the asset's life beyond that conferred by repairs and maintenance

Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the local education authority is included in the balance sheet at valuation.

Inherited equipment has been depreciated on a straight-line basis over its remaining useful economic life to the College of between three and five years from incorporation and is now fully depreciated. All other equipment is depreciated over its useful economic life as follows:

Computer equipment	-	3 years
Other equipment	-	5 years

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2015

1 Statement of Principal Accounting Policies (continued)

A full year's depreciation is charged in the year of acquisition and no depreciation is charged in the year of disposal.

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Investments

Current asset investments consist of treasury deposits with banks and building societies and are stated at the lower of their cost and net realisable value. Endowment assets are held as cash at bank and earn bank interest.

Taxation

The College is considered to pass the tests set out in Schedule 6 Paragraph 1 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 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.

The College receives no similar exemption in respect of value added tax. For this reason the College is unable to recover input VAT it suffers on goods and services purchased. Capital costs and non-pay expenditure is therefore shown inclusive of VAT.

Provisions

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Agency arrangements

The College acts as an agent in the collection and payment of Bursary Fund and Free Meals.

Related payments received from the EFA and SFA and subsequent disbursements to students, staff or other educational institutions are excluded from the income and expenditure account and are shown separately in notes 31 and 32.

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2015

2 Funding council income

	2015 £'000	2014 £'000
Funding body recurrent grant	9,222	9,112
Non-recurrent grant	111	64
Releases of deferred capital grants (note 19)		
Buildings	234	214
Equipment	41	41
Total	9,608	9,431

3 Tuition fees and education contracts

	2015 £'000	2014 £'000
Tuition fees	2	6
Education contracts	-	-
Total	2	6

4 Other income

	2015 £'000	2014 £'000
Income-generating activities	111	105
Examination fee income	54	42
Other income	278	204
Total	443	351

5 Endowment and investment income

	2015 £'000	2014 £'000
Income from restricted endowment investments	-	-
Other interest receivable	83	91
	83	91
Pension finance income (note 26)	26	-
Total	109	91

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2015

6 Staff costs

The average number of persons (including senior post-holders) employed by the College during the year, described as full-time equivalents, was:

	2015 No.	2014 No.
Teaching staff	92	95
Non teaching staff	79	83
	<u>171</u>	<u>178</u>

Staff costs for the above persons

	2015 £'000	2014 £'000
Wages and salaries	5,148	5,395
Social security costs	368	396
Other pension costs excluding FRS 17 adjustments	729	720
FRS 17 adjustments	47	115
	<u>6,292</u>	<u>6,626</u>
Contracted out staffing services	298	243
	<u>6,590</u>	<u>6,869</u>
Exceptional restructuring costs	-	44
	<u>6,590</u>	<u>6,913</u>

7 Senior post-holders' emoluments

The number of senior post-holders and other staff who received emoluments, excluding pension contributions and benefits in kind, in the following ranges was:

	Senior post-holders	
	2015 No.	2014 No.
£60,001 to £70,000	2	2
£110,001 to £120,000	-	1
£120,001 to £130,000	1	-
	<u>3</u>	<u>3</u>

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2015

7 Senior post-holders' emoluments (continued)

Senior post-holders are defined as the Accounting Officer and holders of the other senior posts whom the Corporation has selected for the purposes of the articles of government of the College relating to the appointment and promotion of staff who are appointed by the Corporation.

	2015 No.	2014 No.
The number of senior post-holders including the Accounting Officer was:	3	3

Senior post-holders' emoluments are made up as follows:

	2015 £'000	2014 £'000
Salaries	258	244
Benefits in kind	5	6
	<u>263</u>	<u>250</u>
Pension contributions	36	34
Total emoluments	<u>299</u>	<u>284</u>

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid senior post-holder) of:

	2015 £'000	2014 £'000
Salaries	121	113
Benefits in kind	2	2
	<u>123</u>	<u>115</u>
Pension contributions	16	16
Total emoluments	<u>139</u>	<u>131</u>

The pension contributions of the Accounting Officer and senior post-holders are in respect of employer's contributions to the Teachers' Pension Scheme and are paid at the same rate as for other employees.

The members of the Corporation other than the Accounting Officer and the staff member did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2015

8 Other operating expenses

	2015 £'000	2014 £'000
Teaching costs	590	582
Non teaching costs	662	616
Premises costs	774	884
Total	2,026	2,082

Other operating expenses include:

	2015 £'000	2014 £'000
Auditors' remuneration:		
Financial statements audit	12	10
Internal audit	10	10
Other services provided by the internal auditors	-	-
Hire of other assets – operating leases	38	38

9 Interest and other finance costs

	2015 £'000	2014 £'000
On bank loans		
Repayable wholly or partly in more than five years	186	197
Enhanced pension provision finance costs	6	6
Local government pension scheme finance costs (note 26)	-	8
Total	192	211

10 Taxation

The College is not liable for any corporation tax arising out of its activities during either year.

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2015

11 Tangible fixed assets

	Freehold land and buildings	Equipment	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 August 2014	18,601	663	19,264
Additions	254	105	359
Cost eliminated on disposal	-	(46)	(46)
At 31 July 2015	18,855	722	19,577
Depreciation			
At 1 August 2014	7,040	436	7,476
Charge for the year	542	159	701
Depreciation eliminated on disposal	-	(46)	(46)
At 31 July 2015	7,582	549	8,131
Net book value at 31 July 2015	11,273	173	11,446
Net book value at 31 July 2014	11,561	227	11,788

The transitional rules set out in FRS 15 Tangible Fixed Assets have been applied on implementing FRS 15. Accordingly, the book values at implementation have been retained.

As stated in the policy note the College carries inherited assets at an inherited valuation of £5,541,000. The assets were valued on incorporation and have not been updated since. The historic cost of the assets is £Nil.

Buildings and equipment with a net book value of £2,328,000 (2014: £2,373,000) have been financed by exchequer funds through for example the receipt of capital grants. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the EFA, to surrender the proceeds.

There have been no revaluations of fixed assets in the year.

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2015

12 Endowment assets

	Total £'000
Balance at 1 August 2014	41
Decrease in cash balances held at bank	(3)
Balance at 31 July 2015	<u>38</u>
Represented by:	
Cash balances (note 24)	<u>38</u>

13 Debtors

	2015 £'000	2014 £'000
Amounts falling due within one year:		
Trade debtors	4	1
Other debtors	48	58
Prepayments	98	72
Total	<u>150</u>	<u>131</u>

14 Investments

	2015 £'000	2014 £'000
Amounts maturing within one year:		
Cash at banks and building societies	7,869	7,600
Total	<u>7,869</u>	<u>7,600</u>

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2015

15 Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Bank loans and overdrafts	247	219
Payments received in advance	103	133
Trade creditors	131	287
Other taxation and social security	109	110
Accruals	197	202
Amounts owed to the EFA	78	101
Total	865	1,052

16 Creditors: amounts falling due after one year

	2015 £'000	2014 £'000
Bank loans	3,434	3,681
Total	3,434	3,681

17 Analysis of borrowings of the College

Bank loans and overdrafts are repayable as follows:

	2015 £'000	2014 £'000
In one year or less	247	219
Between one and two years	236	227
Between two and five years	768	739
In five years or more	2,430	2,715
Total	3,681	3,900

The loan, repayable by instalments falling due between 1 August 2015 and 31 July 2029, totalling £5m, is unsecured but subject to a negative pledge.

Interest was payable on the £3.8m fixed rate loan facility at 6.215% and on the £1.2m variable rate loan facility at 0.35% over the base rate.

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2015

18 Provisions for Liabilities and Charges

	Enhanced pensions £'000
At 1 August 2014	148
Benefits paid	(10)
Interest cost	6
Actuarial loss	6
At 31 July 2015	<u>150</u>

The enhanced pension provision relates to the cost of staff who have already left the College's employ and includes no amounts in respect of former senior post-holders. This provision has been recalculated in accordance with guidance issued by the funding bodies

The principal assumptions for this calculation are:	2015	2014
Interest rate	3.46%	4.06%
Net interest rate	1.75%	2.25%

19 Deferred capital grants

	Total £'000
At 1 August 2014	2,373
Cash received	230
Released to income and expenditure account	(275)
At 31 July 2015	<u>2,328</u>

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2015

20 Restricted expendable endowments

	2015 £'000	2014 £'000
At 1 August	41	36
Donation received	-	11
Appreciation of endowment asset investment	-	-
Expenditure in the year	(3)	(6)
At 31 July	<u>38</u>	<u>41</u>

	Heartfield Wharam Memorial Fund £'000	Roger Coombes Memorial Fund £'000	Terry Kitson Memorial Fund £'000	Total £'000
At 1 August 2014	9	10	22	41
Donation received	-	-	-	-
Appreciation of endowment asset investment	-	-	-	-
Expenditure in year	(1)	(1)	(1)	(3)
At 31 July 2015	<u>8</u>	<u>9</u>	<u>21</u>	<u>38</u>

21 Revaluation reserve

	2015 £'000	2014 £'000
At 1 August	3,749	3,833
Transfer from revaluation reserve to general reserve in respect of: Depreciation on revalued assets	(84)	(84)
At 31 July	<u>3,665</u>	<u>3,749</u>

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2015

22 Movement on general reserves

	2015 £'000	2014 £'000
Income and expenditure account reserve		
At 1 August	7,643	7,076
Surplus retained for the year	653	14
Transfer from revaluation reserve	84	84
Transfer from / (to) restricted endowments	3	(5)
Actuarial loss in respect of enhanced pensions	(6)	(5)
Actuarial (loss) / gain in respect of pension scheme	(429)	479
At 31 July	<u>7,948</u>	<u>7,643</u>
Balance represented by:		
Pension reserve	(2,085)	(1,635)
Income and expenditure account reserve excluding pension reserve	10,033	9,278
At 31 July	<u>7,948</u>	<u>7,643</u>

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2015

23 Reconciliation of consolidated operating surplus to net cash inflow from operating activities

	2015 £'000	2014 £'000
Surplus on continuing operations after depreciation of assets at valuation	653	14
Depreciation (note 11)	701	659
Deferred capital grants released to income (note 19)	(275)	(255)
Interest payable (note 9)	186	197
FRS 17 pension cost less contributions payable (notes 6 and 26)	21	123
(Increase)/decrease in debtors	(19)	9
Decrease in creditors	(198)	(68)
Decrease in provisions	(4)	(4)
Interest receivable	(83)	(91)
	<u>982</u>	<u>584</u>
Net cash inflow from operating activities	<u><u>982</u></u>	<u><u>584</u></u>

24 Analysis of changes in net funds

	At 1 August 2014 £'000	Cash flows £'000	Other changes £'000	At 31 July 2015 £'000
Cash in hand, and at bank	762	248	-	1,010
Endowment asset investments (note 12)	41	(3)	-	38
	<u>803</u>	<u>245</u>	<u>-</u>	<u>1,048</u>
Debt due within 1 year	(219)	219	(247)	(247)
Debt due after 1 year	(3,681)	-	247	(3,434)
Current asset investments	7,600	269	-	7,869
Total	<u><u>4,503</u></u>	<u><u>733</u></u>	<u><u>-</u></u>	<u><u>5,236</u></u>

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2015

25 Analysis of cash flows for headings netted in the cash flow statement

Returns on investments and servicing of finance

	2015 £'000	2014 £'000
Interest received	83	153
Interest paid	(186)	(197)
Net cash outflow from returns on investment and servicing of finance	(103)	(44)

Capital expenditure and financial investment

Purchase of tangible fixed assets	(353)	(1,885)
Sale of tangible fixed assets	-	-
Deferred capital grants received	206	696
Net cash outflow from capital expenditure and financial investment	(147)	(1,189)

Management of liquid resources

Placing of deposits	(269)	132
Net cash (outflow) / inflow from management of liquid resources	(269)	132

Financing

Debt due beyond a year		
Repayment of amounts borrowed	(218)	(211)
Net cash outflow from returns on investment and servicing of finance	(218)	(211)

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2015

26 Pension and similar obligations

The College's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Midlands Metropolitan Authorities Pension Fund. Both are defined-benefit schemes.

Total pension cost for the year	2014/15 £'000	2013/14 £'000
Teachers Pension Scheme: contributions paid	484	505
Local Government Pension Scheme:		
Contributions paid	244	215
FRS 17 charge	47	115
Past service cost: enhanced pensions	-	-
Charge to the Income and Expenditure Account (staff costs)	291	330
Enhanced pension charge to Income and Expenditure Account (staff costs)	-	-
Total Pension Cost for Year	775	835

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2010. There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

26 Pension and similar obligations (continued)

Teachers' Pension Scheme

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

The Teachers' Pension Budgeting And Valuation Account

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

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation Of The Teachers' Pension Scheme

The latest actuarial review 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 (the Department) on 9 June 2014. The key results of the valuation and the subsequent consultation are:

- employer contribution rates were set at 16.48% of pensionable pay (including a 0.08% levy for administration)
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2015

26 Pension and similar obligations (continued)

The new employer contribution rate for the TPS will be implemented in September 2015. A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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

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

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme will commence on 1 April 2015.

The pension costs paid to TPS in the year amounted to £484,000 (2014: £505,000).

FRS 17

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the College has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contribution rates.

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2015

26 Pension and similar obligations (continued)

Local Government Pension Scheme

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 2015	At 31 July 2014
CPI inflation	2.20%	2.30%
Rate of increase in salaries	3.95%	4.05%
Rate of increase in pensions	2.20%	2.30%
Discount rate for liabilities	3.80%	4.30%

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 2015	At 31 July 2014
<i>Retiring today</i>		
Males	23.0	22.9
Females	25.6	25.5
<i>Retiring in 20 years</i>		
Males	25.2	25.1
Females	28.0	27.8

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2015

26 Pension and similar obligations (continued)

The assets in the scheme and the expected rates of return were:

	Expected return at 31 July 2015	Fair value at 31 July 2015 £'000	Expected return at 31 July 2014	Fair value at 31 July 2014 £'000
Equities	6.5%	4,112	7.0%	2,741
Government bonds	2.5%	529	3.2%	491
Other bonds	3.6%	724	4.1%	632
Property	6.1%	584	6.2%	527
Cash	0.5%	334	0.5%	276
Other	6.5%	675	7.0%	1,466
Total fair value of assets		6,958		6,133
		(9,043)		(7,768)
Deficit in the scheme recognised at the balance sheet date		(2,085)		(1,635)

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2015

26 Pension and similar obligations (continued)

Analysis of the amount charged to income and expenditure account

	2015 £'000	2014 £'000
Employer service cost (net of employee contributions)	(302)	(306)
Past service cost	-	-
Total operating charge	<u>(302)</u>	<u>(306)</u>

Analysis of pension finance income / (costs)

Expected return on pension scheme assets	365	355
Interest on pension liabilities	<u>(339)</u>	<u>(363)</u>
Pension finance costs	<u>26</u>	<u>(8)</u>

Amount recognised in the Statement of Total Recognised Gains and Losses (STRGL)

	2015 £'000	2014 £'000
Actuarial gains/(losses) on pension scheme assets	269	(361)
Actuarial (gains)/losses on scheme liabilities	(698)	840
Actuarial (losses)/gains recognised in the statement of total recognised gains and losses (STRGL)	<u>(429)</u>	<u>479</u>

	Cumulative 2015 £'000	Cumulative 2014 £'000
Total pensions cost recognised in the statement of total recognised gains and losses (STRGL)	<u>(733)</u>	<u>(304)</u>

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2015

26 Pension and similar obligations (continued)

Local Government Pension Scheme (Continued)

Movement in deficit during year

	2015 £'000	2014 £'000
Deficit in scheme at 1 August	(1,635)	(1,991)
Movement in year:		
Employer service cost (net of employee contributions)	(302)	(306)
Employer contributions	255	191
Net interest/return on assets	26	(8)
Actuarial (loss)/gain	(429)	479
Deficit in scheme at 31 July	<u>(2,085)</u>	<u>(1,635)</u>

	2015 £'000	2014 £'000
Reconciliation of Liabilities		
Opening defined benefit obligation	7,768	7,935
Service cost	302	306
Interest cost	339	363
Employee contributions	86	88
Actuarial loss/(gain)	698	(840)
Benefits/transfers paid	(150)	(84)
Liabilities at end of year	<u>9,043</u>	<u>7,768</u>

Reconciliation of Assets

Opening scheme assets	6,133	5,944
Expected return on assets	365	355
Actuarial gain/(loss)	269	(361)
Employer contributions	255	191
Employee contributions	86	88
Benefits paid	(150)	(84)
Assets at end of period	<u>6,958</u>	<u>6,133</u>

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2015

26 Pension and similar obligations (continued)

Local Government Pension Scheme (Continued)

Amounts for the current and previous four periods are as follows:

	2015	2014	2013	2012	2011
	£'000	£'000	£'000	£'000	£'000
Defined benefit pension schemes:					
Defined benefit obligation	9,043	7,768	7,935	7,175	6,350
Scheme assets	6,958	6,133	5,944	5,022	4,717
Deficit	<u>(2,085)</u>	<u>(1,635)</u>	<u>(1,991)</u>	<u>(2,153)</u>	<u>(1,633)</u>
Experience adjustments on scheme liabilities	-	-	-	-	(28)
Experience adjustments on scheme assets	269	(361)	434	(171)	580

27 Capital commitments

	2015	2014
	£'000	£'000
Contracted for, but not provided in the accounts	7	23
Authorised, but not contracted	196	14
	<u> </u>	<u> </u>

28 Financial commitments

At 31 July the College had annual commitments under non-cancellable operating leases as follows:

	2015	2014
	£'000	£'000
Equipment		
Expiring within one year	-	-
Expiring between one and two years	38	-
Expiring between two and five years	-	38
	<u> </u>	<u> </u>
	<u>38</u>	<u>38</u>

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2015

29 Contingent liability

The College has no contingent liabilities.

30 Related party transactions

Due to the nature of the College's operations and the composition of the Corporation (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving organisations in which a member of the Corporation may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. No transactions were identified which should be disclosed under the revised Financial Reporting Standard No 8: Related Party Disclosures.

Transactions with the EFA are detailed in notes 2 and 15.

31 Bursary Fund

	2015 £'000	2014 £'000
Funding body grants – Bursary Fund	231	244
	<hr/>	<hr/>
	231	244
Disbursed to students	(220)	(211)
Staffing	(11)	(12)
Balance under-spent as at 31 July	<hr/> <hr/> -	<hr/> <hr/> 21

Funding body grants are available solely for students. The College acts only as a paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account, except for the 5% of the grant received which is available to the College to cover administration costs relating to the grant. The College employs a member of staff to administer bursary fund applications and payments.

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2015

32 Free Meals

	2015 £'000	2014 £'000
Funding body grants – Free Meals	87	-
	<hr/>	<hr/>
	87	-
Disbursed to students and spent by students	(36)	-
Start-up costs	(4)	-
	<hr/>	<hr/>
Balance under-spent as at 31 July	<u>47</u>	<u>-</u>

Funding body grants are available solely for students. The College acts only as a paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

THE SIXTH FORM COLLEGE, SOLIHULL

INDEPENDENT AUDITOR'S REPORT ON REGULARITY

Independent Auditor's Report on Regularity to the Corporation of The Sixth Form College, Solihull and the Secretary of State for Education acting through the Education Funding Agency

This report is produced in accordance with the terms of our engagement letter dated 18 June 2015 for the purpose of reporting on the College's Statement of Regularity, Propriety and Compliance in respect of whether the transactions underlying the College's financial statements for the year ended 31 July 2015 are regular as defined by and in accordance with the Funding Agreement with the Secretary of State for Education acting through the Education Funding Agency, in accordance with the authorities that govern them.

The regularity assurance framework that has been applied is set out in the Joint Audit Code of Practice and the Regularity Audit Framework published by the Skills Funding Agency and the Education Funding Agency.

Our review has been undertaken so that we might state to the Corporation of The Sixth Form College, Solihull and the Secretary of State for Education acting through the Education Funding Agency those matters we are required to state to them in a report and for no other purpose. This report is made solely to the Corporation of The Sixth Form College, Solihull and the Secretary of State for Education acting through the Education Funding Agency in accordance with the terms of our engagement letter. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation of The Sixth Form College, Solihull and the Secretary of State for Education acting through the Education Funding Agency for our review work, for this report, or for the opinion we have formed.

Responsibilities of the Corporation of The Sixth Form College, Solihull

The Corporation of The Sixth Form College, Solihull is responsible under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that financial transactions are in accordance with the framework of authorities which govern them and that transactions underlying the financial statements for the year ended 31 July 2015 are regular.

The Corporation of The Sixth Form College, Solihull is also responsible, under the requirements of the Accounts Direction 2014/15 published by the Skills Funding Agency and the Education Funding Agency for the preparation of the Statement on Regularity Propriety and Compliance. The Statement confirms that, to the best of its knowledge, the Corporation believes it is able to identify any material, irregular or improper use of funds by the College, or material non-compliance with the Education Funding Agency's terms and conditions of funding under the College's funding agreement. It further confirms that any instances of material irregularity, impropriety or funding non-compliance discovered in the year to 31 July 2015 have been notified to the Education Funding Agency.

THE SIXTH FORM COLLEGE, SOLIHULL

INDEPENDENT AUDITOR'S REPORT ON REGULARITY

Auditor's responsibilities

Our responsibility is to express a reasonable assurance opinion in respect of whether the transactions underlying the College's financial statements for the year ended 31 July 2015 are in all material respects regular, based on the procedures that we have performed and the evidence that we have obtained. Our reasonable assurance engagement was undertaken in accordance with the Joint Audit Code of Practice, the Regularity Audit Framework and our engagement letter dated 18 June 2015. The International Standards on Auditing (UK and Ireland) and Joint Audit Code of Practice require that we plan and perform this engagement to obtain reasonable assurance in respect of the assertion that the transactions underlying the financial statements are in all material respects regular.

Basis of opinion

We have performed procedures on a sample basis so as to obtain information and explanations which we consider necessary in order to provide us with sufficient appropriate evidence to express reasonable assurance that the College's Statement of Regularity, Propriety and Compliance is fairly stated in respect of whether the transactions underlying the College's financial statements are in all material respects regular for the year ended 31 July 2015.

Opinion

In our opinion the College's Statement of Regularity, Propriety and Compliance is fairly stated in respect of whether the transactions underlying the College's financial statements are in all material respects regular for the year ended 31 July 2015.



MOORE STEPHENS LLP
Chartered Accountants
35 Calthorpe Road
Edgbaston
Birmingham
B15 1TS

Date: 15/12/2015

THE SIXTH FORM COLLEGE,
SOLIHULL

REPORT AND
FINANCIAL STATEMENTS

For the year ended 31 July 2016

THE SIXTH FORM COLLEGE, SOLIHULL

FINANCIAL STATEMENTS

For the year ended 31 July 2016

Key Management Personnel, Board of Governors and Professional advisers

Key management personnel

Key management personnel are defined as members of the College Principalship and the Finance Director and were represented by the following in 2015/16:

Paul Ashdown, Principal and Accounting Officer
Janice Hamilton, Vice Principal
Martin Sullivan, Vice Principal
Clare Sutton, Finance Director

Members of Corporate Board

A full list of members is given on page 14 - 15 of these financial statements.
Janice Hamilton acted as Clerk to the Corporation throughout the period.

Professional advisers

Financial statements auditors and reporting accountants:

Moore Stephens LLP
Chartered Accountants
35 Calthorpe Road
Edgbaston
Birmingham
B15 1TS

Internal auditors:

Baker Tilly
Charterhouse
Legge Street
Birmingham
B4 7EU

Bankers:

Lloyds Bank plc
9-11 Poplar Road
Solihull
B91 3AN

Solicitors:

Eversheds LLP
115 Colmore Row
Birmingham
B3 3AL

THE SIXTH FORM COLLEGE, SOLIHULL

FINANCIAL STATEMENTS

For the year ended 31 July 2016

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THE SIXTH FORM COLLEGE, SOLIHULL

MEMBERS' REPORT

For the year ended 31 July 2016

Nature, Objectives and Strategies:

Members present their report and audited financial statements for the year ended 31 July 2016.

Legal Status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting The Sixth Form College, Solihull. The College is an exempt charity for the purposes of the Charities Act 2011.

Mission

The College's mission as approved by its members is:

"The Sixth Form College, Solihull is a College where we all strive to achieve academic distinction and personal growth."

Public Benefit

The College is an exempt charity under the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 14-15.

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

- High quality teaching
- Widening participation and tackling social exclusion
- Excellent record of progression to higher education for students
- Strong student support systems
- Links with employers and higher education institutions.

THE SIXTH FORM COLLEGE, SOLIHULL

MEMBERS' REPORT (continued)

For the year ended 31 July 2016

Implementation of strategic plan

In July 2015, the College's existing five year planning cycle came to an end and the Board adopted the following new strategic priorities for building College success in 2015-20:

- **Foundations:** Maintain secure finances, sustain strong governance and leadership, and deliver outstanding teaching, learning and assessment.
- **Policy Pillars:** Establish effective strategic partnerships, use the aspire approach to further enhance our learning culture, and deliver curriculum reform smoothly.
- **Outcomes:** Secure positive destinations, excellent success rates and rich wider learning for all our students.

The Corporation establishes a consolidated strategic objective for each of these and monitors the performance of the College against these strategic objectives. Strategic milestones for each objective are reviewed, updated and monitored each year. The College is on target to achieve these objectives. The College's specific priorities for 2015/16 and achievement of those priorities is addressed below:

Strategic priority	Progress on achievement in 2015-16
Secure finances	Finances remain 'Outstanding' with 5 year forecasts 'Outstanding'
Strong governance and leadership	Succession planning and development of middle leadership has been strengthened
Outstanding teaching, learning and assessment	Lesson Observation, challenge and support have all been strengthened, and the profile of observed lessons is good
Effective strategic partnerships	The Area Review has opened the opportunity for conversion to academy status and a merger with a key partner
aspire learning culture	The College Mission Statement has been reviewed and aligned to the aspire agenda
Curriculum reform	All new specifications have been successfully launched
Positive destinations	University and other destinations are now fully tracked and reported to governors, with data indicating particular strength in minority ethnic group progression to university
Success rates	2016 success rates remain good overall, with a slight decline at A2, but with strong progress at AS and outstanding outcomes for BTEC
Rich wider learning	Career Passport, Academic Coaching and the Enrichment programme continue to deliver good opportunities for students

THE SIXTH FORM COLLEGE, SOLIHULL

MEMBERS' REPORT (continued)

For the year ended 31 July 2016

Financial objectives

The College has performed strongly against all its financial objectives:

Financial objectives	Performance against objectives
Future finances are predicted to remain strong	<p>Surplus achieved for 2015-16 and predicted for 2016-17.</p> <p>Using EFA measurements, these financial statements show that the College had outstanding financial health in 2015/16.</p> <p>The College's financial plan shows the College maintaining outstanding financial health for 2016/17 to 2019/20.</p>
Actual finances are at least as strong as predicted finances	<p>Monthly management accounts in 2015-16 had no significant adverse budget variances.</p> <p>Any overspends in 2015-16 were funded by budget savings found elsewhere.</p> <p>A surplus was achieved for 2015-16 despite incurring a £0.3m fixed rate breakage fee on the unbudgeted early repayment of bank loans.</p>
Large, high-risk costs remain under control	<p>Staff numbers were monitored monthly throughout 2015-16 against financial plan targets.</p> <p>Annual reconciliation of teacher hours paid by HR and hours delivered to students identified only 1% of teacher hours were not fully utilised in 2015-16.</p> <p>Pay as a proportion of total expenditure is budgeted to remain at or below 2016-17 levels for the next five years.</p> <p>Costs of large projects for accommodation, Tyber 2, IT infrastructure and IT age replacements were monitored and matched budget in 2015-16.</p>

THE SIXTH FORM COLLEGE, SOLIHULL

MEMBERS' REPORT (continued)

For the year ended 31 July 2016

PERFORMANCE INDICATORS

The College is committed to observing the importance of sector measures and indicators and looks at measures such as success rates and value added data. The College is required to complete the annual finance record for the EFA. The finance record produces a financial health grading of Outstanding. The Corporation has set the following target strong financial performance indicators:

	Met in 2015-16?	Planned to be met in 2016-21?
Deficit in not more than two consecutive years	√	√
Operating cash inflow in at least two of any three consecutive years	√	√
No excessive surpluses over £500k or 5% of income	√	√
Pay as a proportion of total expenditure will exceed 77%	√	√

FINANCIAL POSITION

Financial results

The College reported an operating surplus in the year of £338,000 (2014/15: £552,000), with total comprehensive income of -£1,183,000 (2014/15: £218,000). The surplus decreased in 2015/16 due to payment of a £342,000 fixed rate breakage fee to repay all bank loans early and free the College of debt. Total comprehensive income was negative in 2015/16 due to a £1.5m actuarial loss in respect of pensions.

Tangible fixed asset additions during the year amounted to £99,000 (2014/15: £359,000). This consisted of £73,000 solar panels that will reduce the College's future energy bills and generate income and £26,000 equipment purchases.

The College has significant reliance on the EFA for its principal funding source, largely from recurrent grants. In 2015/16, the EFA provided 95.4% of the College's total income (2014/15: 94.8%).

THE SIXTH FORM COLLEGE, SOLIHULL

MEMBERS' REPORT (continued)

For the year ended 31 July 2016

Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. The College has a separate treasury management policy in place.

Short term borrowing for temporary revenue purposes is unnecessary due to the College's high cash reserves. If ever needed, this would require the authorisation of the Finance & General Purposes Committee. Such arrangements are restricted by limits in the Financial Memorandum with the EFA. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

Cash flows and liquidity

The College had a strong net cash flow from operating activities of £1,434,000 (2014/15: £1,188,000).

During the year, the College repaid all of its £3.7m loans early, thereby freeing the College of any potential influence of the banks on the College's subsequent negotiations in 2016-17 to join a multi-academy trust.

Reserves policy

The College's efforts to continually improve cost effectiveness and value for money has meant that a considerable level of reserves has accumulated over the years. The College has accumulated income and expenditure reserves of £7m (net of pension reserve) with current account and treasury deposit balances of £6m. These provide a contingency fund to protect against potential future grant funding cutbacks and potential rises in pension liabilities.

In order to eliminate unnecessary growth in the level of reserves, the College introduced the following new measures in 2015-16:

- The Corporation set a new performance indicator target of making no excessive surpluses over £500,000 or 5% of income. This was achieved in 2015-16.
- A new annual review was introduced to allocate in-year savings to a list of additional projects. In 2015-16, these funded a range of extra accommodation works, the largest of which was £58,000 to convert an under-used Art workshop into two classrooms for a new childcare course.

THE SIXTH FORM COLLEGE, SOLIHULL

MEMBERS' REPORT (continued)

For the year ended 31 July 2016

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2015/16 the College has delivered activity that has produced £9,355,000 funding body main allocation funding (2014/15 – £9,425,000). The College had 2,255 students, all of whom were funded by the EFA.

Student achievements

Students continue to prosper at the College.

	2012/13	2013/14	2014/15	2015/16
	% success	% success	% success	% success
	rate	rate	rate	rate
A2	96	96	96	95.5
AS	82	79	78	84.5
BTEC	96	94	96	94

Curriculum developments

The College is committed to providing a quality learning experience for all of its students. Since the College was opened, it has gained an enviable reputation, both locally and nationally, for the quality of its provision. The College aims to make students' progression from school and GCSE to College, and from College to employment or higher education, as smooth as possible and students are offered experiences which will help them to bridge the transition between school life and the greater freedoms and demands of university and working life. As one of the largest providers of UCAS applicants in the country, the College enjoys excellent working relationships with universities and Colleges throughout the United Kingdom and with a large number of major companies. It draws on these relationships in offering to students a very comprehensive system of guidance on career and higher education choices.

All of the College's students are on level 3 programmes, with approximately 80% on A level courses and 20% on applied courses. The College offers a very wide range of subjects at Level 3. The precise mix is kept under constant review to ensure our portfolio meets student need and demand.

There are no changes to entry requirements for 2016 and arrangements are in place to ensure that all students meet the requirements to count as full-time students under the EFA 'programme of study.' Students are required to have grade C passes in English and Mathematics as a condition of entry, and only accepted without these in exceptional circumstances when individual arrangements are made to ensure that their programme includes these qualifications, so that they are fully funded.

The introduction of numerical grades for GCSE, starting with English and Maths in 2017 led to a review of entry requirements for all courses prior to publication of the prospectus for 2017. This has triggered the planned re-introduction of limited Level 2 provision in English and Maths from September 2017.

THE SIXTH FORM COLLEGE, SOLIHULL

MEMBERS' REPORT (continued)

For the year ended 31 July 2016

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998 requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The College maintains good relations with its suppliers through paying suppliers in weekly BACS runs for invoices received in the previous 30 days. The College also has widespread use of government procurement cards to further speed up payments to suppliers. In 2015/16, 98.9% (2014/15: 98.6%) of purchases were paid within 30 days. The College incurred no interest charges in respect of late payment for this period.

Post-balance sheet events

Since the balance sheet date, the College has continued to investigate the potential benefits of merging with a local multi-academy trust. Any merger would require EFA approval in order to proceed.

Future prospects

The College's financial plan predicts that outstanding financial health, as measured by the EFA, will be maintained for the next four years.

Income is expected to fall in the next three years due to potential falls in student numbers and government funding cutbacks before stabilising. Costs are expected to fall in the next two years, albeit by less than income, and start to rise thereafter.

The College does not anticipate significant capital development in the near future. All proposed curriculum developments can be within existing premises.

On-going efficiency savings from better procurement practice and curriculum management continue to create savings. Further initiatives to improve quality and increase efficiency include a rolling review of staffing levels and job descriptions in all support staff areas, and continued investment in the use of web-based systems for communication and student tracking. A new timetable was introduced in 2015/16 with a later student start time to benefit "teenage brains" which slightly reduced teaching contact and created better arrangements for staff meetings, breaks and shared planning.

The Corporation believes that the long-term future prospects of the College are best served by becoming part of a larger local multi-academy trust. This view is supported by the EFA who came to the same conclusion in the 2015-16 Birmingham and Solihull Area Review. To this end, the College is currently undertaking due diligence work on the Ninestiles Multi-Academy Trust, with a view to eventually submitting an application to the EFA to join the trust.

THE SIXTH FORM COLLEGE, SOLIHULL

MEMBERS' REPORT (continued)

For the year ended 31 July 2016

RESOURCES:

The College has various resources that it can deploy in pursuit of its strategic objectives. Tangible resources include the College site and £6 million in cash and investments.

Financial

The College has £10.4 million of net assets including £3.7 million pension liability).

People

The College employs 161 people (expressed as full time equivalents), of whom 88 are teaching staff.

Reputation

The College has a good and improving reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships.

PRINCIPAL RISKS AND UNCERTAINTIES:

The College has undertaken further work during the year to develop and further embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

The College Leadership Team and Audit Committee undertake a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, they also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at the College level, which is reviewed at least annually by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

THE SIXTH FORM COLLEGE, SOLIHULL

MEMBERS' REPORT (continued)

For the year ended 31 July 2016

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Risk:	Mitigated by:
1 Institutional change	Early and careful communication with key stakeholders. Comprehensive due diligence process, using internal and external expertise to assess and verify partner compatibility. Joint Task Group of governors and senior staff monitors risks of institutional change.
2 Inability to sustain high levels of success rates which inspire confidence in the College	All staff are aware of, trained and share good practice for curriculum changes. The College has a high status mock exam week and staff are enrolled as examiners. An innovative new timetable from 2015-16 benefits "teenage brains."
3 Inability to appropriately manage provision and resources to match volatile student enrolment	Effective marketing, strong staff planning and monitoring of applications, resolution of over-staffing and investment in partnership initiatives. Over-recruitment is mitigated by a strong financial position to cope with lagged funding, defensive options within entry processes and spare accommodation. Imbalances in recruitment are mitigated by a flexible curriculum, staff who can teach multiple courses, and a recruitment process that closes courses which are 'full.'
4 Weakening financial viability	Monthly management accounts monitor reductions in staff numbers and variances against budget. Staffing reconciliations minimise spare teacher hours and ensure that any are fully used. Support staff benchmarking review identifies areas of scope for efficiencies. Continued use of effective procurement to ensure value for money. Close monitoring of large estates and IT projects. Potential future government funding cuts are modelled and potential spending cutbacks are devised and costed in readiness.
5 Adverse perceptions of the College	Robust quality assurance, investment in marketing, effective student commitment and disciplinary process, good site security and positive police links.
6 Inability to safeguard students at the College	All staff are DBS checked, trained in Prevent and LSCB Level 1 trained and the DMS is trained to Level 2. Students are made aware of DMS team. Termly audit of safeguarding training record and single central record by safeguarding governor. DMS meetings to review cases, records and share good practice. At least one interviewer on each recruitment panel is trained in safe recruitment.

THE SIXTH FORM COLLEGE, SOLIHULL

MEMBERS' REPORT (continued)

For the year ended 31 July 2016

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Risk:	Mitigated by:
7 Failure to deliver successfully on major IT initiatives and/or major IT systems failure	During 2015/16, a second web developer was recruited to mitigate the risk of loss of key staff. An outsourced IT managed service has eliminated the risk of a lack of IT skills since April 2016. Close monitoring of IT projects by F&GP Committee. Procurement manager negotiates advantageous IT contracts.
8 Information security	Industry strength firewalls, strong passwords, encryption, locked screens, alarms, secure physical storage of hard copy data and annual staff training.
9 Other risks	Mitigating action is taken to minimise the risk of loss of access to/ loss of site, pandemic, unexpected loss of key managers and fraud or bribery.

THE SIXTH FORM COLLEGE, SOLIHULL

MEMBERS' REPORT (continued)

For the year ended 31 July 2016

STAKEHOLDER RELATIONSHIPS

In line with other Colleges, the College has many stakeholders including the following:

Stakeholders	Communication and engagement
Students	<ul style="list-style-type: none">• Moodle & social media• Student Council meetings with the Principal• Two members of the Corporation are student governors• College "Question Time" event• Annual Student Perception Survey
Parents	<ul style="list-style-type: none">• Two members of the Corporation are parent governors• Introductory parents evenings, HE information evenings, and subject based parental Consultation Evenings.• Annual Parental Perception Survey
Staff	<ul style="list-style-type: none">• Joint Staff Group chaired by the Principal meets regularly• Human Resources holds an annual meeting with the Joint Staff Group• Weekly staff bulletins• One member of the Corporation is a teacher and one is a member of support staff• Annual Staff Survey• Principalship "drop-in" sessions weekly open to all staff
EFA	<ul style="list-style-type: none">• Extensive discussions regarding post-16 planning in Solihull• Local Area review
Solihull MBC	<ul style="list-style-type: none">• Principal is member of key forums
Other local schools, Colleges and universities	<ul style="list-style-type: none">• Senior staff are governors in local schools• 14-19 Strategic Forum• Collegiate meetings• Birmingham & Solihull Principals' Group• Collaboration with other local Colleges and regional universities
Trade unions	<ul style="list-style-type: none">• Discussion through the Joint Staff Group with regular meetings
Local community	<ul style="list-style-type: none">• Meetings with Local Authority Members on specific issues.• Regular liaison with the Mayor's office.• Activities around the Careers Passport have involved enhanced links with local employers now formalised as a Career Passport Ambassadors group reporting to the Governing Body.

THE SIXTH FORM COLLEGE, SOLIHULL

MEMBERS' REPORT (continued)

For the year ended 31 July 2016

Equal opportunities

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. The College's Equal Opportunities Policy is published on the College's Intranet Moodle.

In support of these objectives the College is a "Positive About Disability" employer, and has secured the "Dyslexia Mark" from the British Dyslexia Foundation. It is also committed to achieving the "Investors in Diversity Award". The College ethos and culture, captured in the aspire initiative promotes opportunity and achievement for all. E&D aspects of this are monitored in detail through the integration of the "aspire wheel" in self-assessment processes. Impact assessment is used to ensure that new and/or significant policies are appropriately reviewed.

The College seeks to achieve the objectives set by the Equality Act 2010. The work of the College in meeting the requirements of the Act is reviewed annually by the College's Equality and Diversity Committee which reports to the College Leadership Team and the Corporate Board. Information on how the College meets its duties is highlighted in the student diary. Copies are available from the College and on the website.

Disability statement

The college seeks to achieve the objectives set down in the Equality Act 2010.

The College considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees.

Students with additional needs are supported through application, enrolment and college life by specialist staff supplementing teaching and other staff, who differentiate within groups as required. Key specialist equipment is secured as required, and accessible resources are available through the Learning Resource Centre.

All students have access to a range of support to address mental health issues including college counsellors, Academic Coaches and active partnerships with outside agencies.

College INSET days are used to ensure all staff remain up to date with legislative requirements and good practice.

THE SIXTH FORM COLLEGE, SOLIHULL

MEMBERS' REPORT (continued)

For the year ended 31 July 2016

Disclosure of information to auditors

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

Approved by order of the members of the Corporation on 6 December 2016 and signed on its behalf by:

A Price
Chair of the Corporate Board

THE SIXTH FORM COLLEGE, SOLIHULL

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

For the year ended 31 July 2016

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure.

The College endeavours to conduct its business:

- in accordance with the seven principles identified by the committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership); and
- in full accordance with the UK Corporate Governance Code (“the Code”) insofar as it is applicable to sixth form Colleges.

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the Code. In the opinion of the governors, the College complies with all the principles of the Code in so far as they are applicable by sixth form Colleges, and it has complied throughout the year ended 31 July 2016. The Governing Body recognises that, as a body entrusted with both public and private funds, it has particular duty to observe the highest standards of corporate governance at all times.

The College is an exempt charity within the meaning of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission’s guidance on public benefit and that the required statements appear elsewhere in these financial statements.

The Corporation

The members who served on the Corporation during the year and up to the date of signature of this report were as follows:

Name	Date first appointed	Date of expiry of current term	Date retired	Status	Committees served <i>See key below</i>	Attendance %
Mr P Ashdown	1 Apr 2009	n/a		Principal	C F H S	100
Mr R Beale-Burchell	21 May 2013	20 May 2017		Independent	F	67
Mr D Bryson	1 Nov 2014	31 Oct 2018	31 July 2016	Staff	C	64
Mr A Butt	12 Feb 2013	11 Feb 2017		Independent	C SP	73
Mrs K Chester (Vice-Chair)	30 Apr 2003	20 May 2017	31 Jul 2016	Independent	A R S SL	62
Mr N Clements	8 Dec 2009	7 Dec 2016		Independent	F R SL SP	86
Mrs F Dennis-Stephens	1 Jan 2015	15 Jan 2017		Parent	C	82
Mr P Farrow	1 Mar 2010	28 Feb 2017		Independent	A SL	70
Mr A Hadi	22 Oct 2013	21 Oct 2017		Independent	H	56
Miss A Lenihan	1 Nov 2014	31 Jul 2016	31 Jul 2016	Student	C	64
Mr L Millard	8 Dec 2009	7 Dec 2016		Independent	C R S SL	85
Mrs R Miller	1 Nov 2013	6 Jul 2018		Parent	H	79
Mr D Munton	14 Dec 2010	13 Dec 2018	31 Jul 2016	Independent	A R S	42
Mrs T Padro	12 Feb 2013	11 Feb 2017	31 Jul 2016	Independent	H SP	56
Mr A Price (Chair)	1 Nov 2009	7 Dec 2016		Independent	F R S SL	87
Mrs C Quinn	7 Jul 2015	6 Jul 2019	31 Jul 2016	Independent	SP	67
Mr J Redfern	3 Dec 2015	31 Jul 2017		Student	F	89
Miss K Sherwood	5 Feb 2015	4 Feb 2019		Staff	F H	85
Ms A Walker	20 Oct 2015	19 Oct 2017		Parent	H	86

THE SIXTH FORM COLLEGE, SOLIHULL

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

For the year ended 31 July 2016

The Corporation (continued)

Audit Committee	A	Search Committee	S
Finance & General Purposes Committee	F	Selection Committee	SL
Human Resources Committee	H	Special Committee	SP
Curriculum & Quality Committee	C	Remuneration Committee	R

Other postholders who assisted the Corporate Board during the period were as follows:

Name	Post	Date of appointment	Date of retirement/resignation
Mrs J Hamilton	Clerk to Corporate Board	1 September 2010	
Mrs J Parkes	Secretary to Corporate Board	17 October 1994	
Mrs J Hamilton	Vice Principal	1 September 2010	
Mr M Sullivan	Vice Principal	1 September 2010	

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters, human resources matters and health and safety issues. The Corporation meets five times per annum.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Finance and General Purposes, Remuneration, Search, Audit, Human resources, Curriculum and Quality, Selection and Special. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College website and on request from the Secretary to the Corporation at:

The Sixth Form College, Solihull
Widney Manor Road, Solihull B91 3WR

The Clerk to the Corporate Board maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

All governors are able to take independent professional advice in furtherance of their duties at the College's expense, and have access to the Clerk to the Corporate Board, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are also provided on an ad-hoc basis.

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. There is a clear division of responsibility in that the roles of the Chair and Accounting Officer are separate.

THE SIXTH FORM COLLEGE, SOLIHULL

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

For the year ended 31 July 2016

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a search committee that is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required. Members of the Corporation are appointed for a term of office not exceeding four years.

Remuneration Committee

The remuneration committee's responsibilities are to make recommendations to the Board on the remuneration of the Accounting Officer and other key management personnel. Details of remuneration for the year ended 31 July 2016 are set out in note 8 to the financial statements.

Audit Committee

The audit committee operates in accordance with written terms of reference approved by the Corporation which reflect the Audit Code of Practice. The audit committee meets three times per annum and provides a forum for reporting by the College's internal and external auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the EFA as they affect the College's business. The Committee advises the Board on the effectiveness of the College's whole system of internal control including controls for securing economy, efficiency and effectiveness.

The College's internal auditors monitor the systems of internal control in accordance with an agreed plan of input and report their findings to management and the Audit Committee. Management are responsible for the implementation of agreed recommendations and internal audit undertake periodic follow up reviews to ensure such recommendations have been implemented.

The audit committee also advises the Corporation on the independence of the Clerk and the appointment of internal and external auditors and their remuneration for both audit and non-audit work.

Finance & General Purposes Committee

The finance and general purposes committee oversees the financial management of the College in accordance with the authorities and responsibilities set out in the financial regulations. The committee meets six times per annum.

Human Resources Committee

The human resources committee advises the Board on the policies and procedures for the appointment, dismissal, discipline and appraisal of senior postholders. The human resources committee advises the Accounting Officer on all matters relating to the appointment, grading, appraisal, pay and conditions of service of all staff. The Committee also reviews the staff development annual report.

THE SIXTH FORM COLLEGE, SOLIHULL

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

For the year ended 31 July 2016

Curriculum and Quality Committee

The curriculum and quality committee oversees the curriculum offer, student success rates and quality of College services.

Search Committee

The search committee oversees the selection and appointment of the Principal, Vice Principals and members of the Board with the exception of parent, student and staff members.

Special Committee

The special committee examines the case for the discipline and possible dismissal of senior postholders.

Internal Control

Scope of Responsibility

The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. 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 Corporation has delegated the day to day responsibility to the Accounting Officer, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between the College and the Education Funding Agency. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal financial control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College 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 College for the year ended 31 July 2016 and up to the date of approval of the annual report and accounts.

Capacity to Handle Risk

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the year ending 31 July 2016 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

THE SIXTH FORM COLLEGE, SOLIHULL

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

For the year ended 31 July 2016

The Risk and Control Framework

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

- comprehensive budgeting systems with an annual budget which is reviewed and agreed by the governing body
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines where appropriate.

The Sixth Form College, Solihull has an internal audit service, which operates in accordance with the requirements of the EFA and SFA's Joint Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the College's governing body on the recommendation of the audit committee. At least annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of Effectiveness

As Accounting Officer, they have responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements auditors and regularity auditors in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the audit committee which oversees the work of the internal auditors, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The College leadership team receives reports setting out key performance and risk indicators, and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The College leadership team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control.

THE SIXTH FORM COLLEGE, SOLIHULL

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

For the year ended 31 July 2016

Review of Effectiveness (continued)

The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the College leadership team and Audit Committee. The emphasis is on obtaining the relevant degree of assurance, not merely reporting by exception. At its 15 December 2015 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2015 by considering documentation from the College leadership team and internal audit, and taking account of events since 31 July 2015.

Based on the advice of the Audit Committee and the Accounting Officer, the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets."

Going Concern

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

In making this assessment, the Corporation has taken account of:

- Budget for the year ahead and a long term financial plan that demonstrate maintenance of outstanding financial health for the next four years.
- A track record of achieving or out-performing past budgets and financial plans.
- Close monitoring of student applications and offers for the year ahead as student numbers are the College's single largest risk.
- Significant levels of cash and reserves held as a buffer against future loss of income or unplanned expenditure.
- Healthy solvency ratios including cash days in hand and current ratio.
- Lack of debt as the College repaid all bank loans in 2015-16.

The College is in the process of considering joining a multi-academy trust. In the event that this goes ahead, the College would continue as a going concern until the date of academisation. On that date, the College would be dissolved and formally join the multi academy trust.

Approved by order of the members of the Corporation on 6 December 2016 and signed on its behalf by:

A Price
Chair of the Corporate Board

P Ashdown
Accounting Officer

THE SIXTH FORM COLLEGE, SOLIHULL

GOVERNING BODY'S STATEMENT ON THE COLLEGE'S REGULARITY, PROPRIETY
AND COMPLIANCE WITH FUNDING BODY TERMS AND CONDITIONS OF FUNDING
For the year ended 31 July 2016

The Corporation has considered its responsibility to notify the Education Funding Agency of material irregularity, impropriety and non-compliance with Education Funding Agency terms and conditions of funding under the funding agreement in place between the College and the Education Funding Agency. As part of its consideration the Corporation has had due regard to the requirements of the funding agreement.

We confirm, on behalf of the Corporation, that after due enquiry, and to the best of its knowledge, the Corporation is able to identify any material irregular or improper use of funds by the College, or material non-compliance with the Education Funding Agency's terms and conditions of funding under the College's funding agreement.

We 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 Education Funding Agency.

P Ashdown
Accounting Officer
6 December 2016

A Price
Chair of the Corporate Board
6 December 2016

THE SIXTH FORM COLLEGE, SOLIHULL

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

For the year ended 31 July 2016

The members of the Corporation of the College are required to present audited financial statements for each financial year.

Within the terms and conditions of the Financial Memorandum agreed between the Education Funding Agency and the Corporation of the College, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education, and with the College Accounts Direction issued jointly by the Skills Funding Agency and the Education Funding Agency, and which give a true and fair view of the state of affairs of the College and the result for that year.

In preparing the financial statements, the corporation is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

The Corporation is also required to prepare a Members' Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the college.

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and to enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It has general responsibility for taking such steps that are reasonably open to it to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the College website is the responsibility of the Corporation of the College; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

THE SIXTH FORM COLLEGE, SOLIHULL

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

(continued)

For the year ended 31 July 2016

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the Education Funding Agency are used only in accordance with the Financial Memorandum with Education Funding Agency and any other conditions that may be prescribed from time to time. Members of the corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the corporation are responsible for securing the economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the EFA are not put at risk.

Approved by order of the members of the Corporate Board on 6 December 2016 and signed on its behalf by:

A Price
Chair of the Corporate Board

THE SIXTH FORM COLLEGE, SOLIHULL

INDEPENDENT AUDITORS' REPORT TO THE CORPORATION OF THE SIXTH FORM COLLEGE, SOLIHULL

We have audited the College financial statements ("the financial statements") set out on pages 24 to 59. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Corporation, as a body, in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation, as a body, 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 Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Corporation of The Sixth Form College, Solihull and Auditor

As explained more fully in the Statement of the Corporation's Responsibilities set out on pages 21 and 22, the Corporation is responsible for the preparation of financial statements which 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 (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2016 and of the College's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Joint Audit Code of Practice issued jointly by the Skills Funding Agency and the Education Funding Agency requires us to report to you if, in our opinion:

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns;
- all the information and explanations required for the audit were not received.

Nicholas Simkins
For and on behalf of MOORE STEPHENS LLP
Statutory Auditor

Date:

Chartered Accountants
35 Calthorpe Road
Edgbaston
Birmingham
B15 1TS

THE SIXTH FORM COLLEGE, SOLIHULL

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 July 2016

	Notes	£'000	2016 £'000	£'000	2015 £'000
INCOME					
Funding body grants	2		9,813		9,608
Tuition fees and education contracts	3		2		2
Other income	4		392		432
Investment income	5		70		83
Donations and Endowments	6		10		11
			<hr/>		<hr/>
Total income			10,287		10,136
EXPENDITURE					
Staff costs	7	6,665		6,597	
Other operating expenses	9	2,008		2,026	
Depreciation	12	736		701	
Interest and other finance costs	10	540		260	
			<hr/>	<hr/>	
Total expenditure			9,949		9,584
			<hr/>	<hr/>	
Surplus before other gains and losses			338		552
Loss on disposal of assets			-		-
			<hr/>	<hr/>	
Surplus before tax			338		552
Taxation	11		-		-
			<hr/>	<hr/>	
Surplus for the year			338		552
Other comprehensive income					
Actuarial losses in respect of enhanced pensions	19	(10)		(6)	
Actuarial losses in respect of pension scheme	24	(1,511)		(328)	
			<hr/>	<hr/>	
			(1,521)		(334)
			<hr/>	<hr/>	
Total Comprehensive Income for the year			(1,183)		218

THE SIXTH FORM COLLEGE, SOLIHULL

STATEMENT OF CHANGES IN RESERVES

For the year ended 31 July 2016

	Income and Expenditure Account £'000	Revaluation Reserve £'000	Restricted Expendable Endowments £'000	Total £'000
Restated balance at 1 August 2014	7,561	3,749	41	11,351
Surplus from the income and expenditure account	552	-	-	552
Other comprehensive income	(334)	-	-	(334)
Transfers between revaluation and income and expenditure reserves	84	(84)	-	-
Transfers between restricted endowments and income and expenditure reserves	3	-	(3)	-
	<u>305</u>	<u>(84)</u>	<u>(3)</u>	<u>218</u>
Balance at 31 July 2015	7,866	3,665	38	11,569
Surplus from the income and expenditure account	338	-	-	338
Other comprehensive income	(1,521)	-	-	(1,521)
Transfers between revaluation and income and expenditure reserves	84	(84)	-	-
Transfers between restricted endowments and income and expenditure reserves	2	-	(2)	-
	<u>(1,097)</u>	<u>(84)</u>	<u>(2)</u>	<u>(1,183)</u>
Balance at 31 July 2016	6,769	3,581	36	10,386

THE SIXTH FORM COLLEGE, SOLIHULL

BALANCE SHEET

As at 31 July 2016

	Notes	2016 £'000	2015 £'000 restated
Non Current Assets			
Tangible fixed assets	12	10,809	11,446
Investments	13	1,250	-
Current assets			
Trade and other receivables	14	178	150
Investments	15	4,000	7,869
Cash and cash equivalents		884	1,048
		<u>5,062</u>	<u>9,067</u>
Less: Creditors – amounts falling due within one year	16	(1,116)	(1,262)
Net current assets		<u>3,946</u>	<u>7,805</u>
Total assets less current liabilities		16,005	19,251
Creditors – amounts falling due after more than one year	17	1,730	5,447
Provisions			
Defined benefit obligations	24	3,736	2,085
Other provisions	19	153	150
Total net assets		<u><u>10,386</u></u>	<u><u>11,569</u></u>

THE SIXTH FORM COLLEGE, SOLIHULL

BALANCE SHEET

As at 31 July 2016

	Notes	2016 £'000	2015 £'000 restated
Restricted Reserves			
Endowments	20	36	38
Unrestricted Reserves			
Income and expenditure reserve		6,769	7,866
Revaluation reserve		3,581	3,665
Total Reserves		10,386	11,569

The financial statements on pages 24 to 59 were approved by the Corporation and authorised for issue on 6 December 2016 and are signed on its behalf by:

A Price - Chair of Corporate Board

P Ashdown - Accounting Officer

THE SIXTH FORM COLLEGE, SOLIHULL

CASH FLOW STATEMENT

For the year ended 31 July 2016

	Notes	2016 £'000	2015 £'000
Cash flow from operating activities	21	1,434	1,188
Cash flows from investing activities	23	2,540	(539)
Cash flows from financing activities	23	(4,138)	(404)
		<hr/>	<hr/>
(Decrease) / increase in cash in the year		<u>(164)</u>	<u>245</u>
Cash and cash equivalents at beginning of the year		1,048	803
Cash and cash equivalents at end of the year		884	1,048

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS

For the year ended 31 July 2016

1 Statement of Principal Accounting Policies

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP) and in accordance with Financial Reporting Standard 102 – ‘The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland’ (FRS 102). They conform to guidance published in the College Accounts Direction for 2015 to 2016. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College’s accounting policies.

Transition to the 2015 FE HE SORP

The College is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the College has amended certain accounting policies to comply with FRS 102 and the 2015 FE HE SORP. The trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 ‘Transition to this FRS’.

An explanation of how the transition to the 2015 FE HE SORP has affected the reported financial position, financial performance and cash flows of the results of the College is provided in note 31.

The 2015 FE HE SORP requires Colleges to prepare a single Statement of Comprehensive Income and not the alternative presentation of a separate Income Statement and a Statement of Other Comprehensive Income. This represents a change in accounting policy from the previous period where separate statements for the Income and Expenditure Accounts and for the Statement of Total Recognised Gains and Losses were presented.

The application of first time adoption allows certain exemptions from the full requirements of FRS 102 and the 2015 FE HE SORP in the transition period. The following exemption has been taken in these financial statements:

Revaluation as deemed cost – at 1 August 2014, the College has retained the carrying values of freehold properties as being deemed cost and measured at fair value.

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS

For the year ended 31 July 2016

1 Statement of Principal Accounting Policies (continued)

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Members' Report. The financial position of the College, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The College has no loans outstanding. The College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of income

Government revenue grants including funding body recurrent grants and other grants are accounted for under the accrual model as permitted by FRS 102.

Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the adult skills budget is adjusted for and reflected in the level of recurrent grant recognised in the statement of comprehensive income. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of November following the year end. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

Income from tuition fees is recognised in the period for which it is earned and includes all fees payable by students or their sponsors. Income from grants, contracts and other services rendered is included to the extent the conditions of the funding have been met or the extent of the completion of the contract or service concerned. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned. Income from restricted purpose endowment funds not expended in accordance with the restrictions of the endowment in the period is transferred from the income and expenditure account to accumulated income within endowment funds.

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS

For the year ended 31 July 2016

1 Statement of Principal Accounting Policies (continued)

Post employment benefits

Post employment benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes, which are externally funded and contracted out of the State Second Pension.

Teachers' Pension Scheme

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College 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 24, the TPS is a multi employer scheme and the College 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.

Local Government Pension Scheme

The LGPS is a funded scheme. A liability is recognised in the balance sheet in respect of the defined benefit scheme which represents the present value of the defined benefit obligation at the balance sheet date less the fair value of scheme assets. The assets of the LGPS are measured at fair value. A full valuation of the liability is calculated by an independent actuary every 3 years and updated on an annual basis using the projected unit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to scheme liabilities. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. They are included as a part of staff costs. The expected return on the scheme's assets and interest costs are shown as a net amount of other finance costs or credits adjacent to interest. Past-service costs are recognised immediately in income, unless the changes to the pension scheme are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Short term employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS

For the year ended 31 July 2016

1 Statement of Principal Accounting Policies (continued)

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Tangible fixed assets

Tangible fixed assets are stated at cost / deemed cost less accumulated depreciation and accumulated impairment losses.

Land and buildings

Land and buildings inherited from the local education authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure on an accruals basis.

Building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 40 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 5 and 25 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income within creditors, and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

Finance costs, which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets.

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued, as deemed cost, but not to adopt a policy of revaluations of these properties in the future.

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS

For the year ended 31 July 2016

1 Statement of Principal Accounting Policies (continued)

Tangible fixed assets (continued)

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Asset capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the asset's life beyond that conferred by repairs and maintenance

Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated on a straight-line basis over its useful economic life as follows:

Computer equipment	-	3 years
Other equipment	-	5 years

A full year's depreciation is charged in the year of acquisition and no depreciation is charged in the year of disposal.

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred income and released to the income and expenditure account over the expected useful economic life of the related equipment.

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2016

1 Statement of Principal Accounting Policies (continued)

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Investments

Current asset investments consist of treasury deposits with banks and building societies and are stated at the lower of their cost and net realisable value. Endowment assets are held as cash at bank and earn bank interest.

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from date of acquisition.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All loans, investments and short term deposits held by the College are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the College has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial statements are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Taxation

The College is considered to pass the tests set out in Schedule 6 Paragraph 1 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Sections 478 – 488 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.

The College receives no similar exemption in respect of value added tax. For this reason the College is unable to recover input VAT it suffers on goods and services purchased. Capital costs and non-pay expenditure is therefore shown inclusive of VAT.

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2016

1 Statement of Principal Accounting Policies (continued)

Provisions

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the Statement of Comprehensive Income in the period it arises.

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

Agency arrangements

The College acts as an agent in the collection and payment of Bursary Fund and Free Meals.

Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure account of the College, where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction and are shown separately in notes 29 and 30.

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2016

1 Statement of Principal Accounting Policies (continued)

Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, management have made the following judgments:

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the College's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Other Key sources of estimation uncertainty

- Tangible Fixed Assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost / (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2012 has been used by the actuary in valuing the pensions liability at 31 July 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2016

2 Funding body grants

	2016 £'000	2015 £'000
Recurrent grant	9,397	9,222
Specific grants	101	111
Releases of capital grants		
Buildings	274	234
Equipment	41	41
Total	9,813	9,608

All funding body grants were from the Education Funding Agency.

3 Tuition fees and education contracts

	2016 £'000	2015 £'000
Tuition fees	2	2
Education contracts	-	-
Total	2	2

4 Other income

	2016 £'000	2015 £'000
Income-generating activities	107	111
Examination fee income	67	54
Miscellaneous income	218	267
Total	392	432

5 Investment income

	2016 £'000	2015 £'000
Income from restricted endowment investments	-	-
Other interest receivable	70	83
Total	70	83

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2016

6 Donations

	2016 £'000	2015 £'000
Unrestricted donations	<u>10</u>	<u>11</u>

7 Staff costs

The average number of persons (including key management personnel) employed by the College during the year, described as full-time equivalents, was:

	2016 No.	2015 No.
Teaching staff	88	92
Non-teaching staff	<u>73</u>	<u>79</u>
	161	171

Staff costs for the above persons

	2016 £'000	2015 £'000
Wages and salaries	5,190	5,148
Social security costs	410	368
Other pension costs	<u>872</u>	<u>783</u>
	6,472	6,299
Contracted out staffing services	<u>140</u>	<u>298</u>
	6,612	6,597
Exceptional restructuring costs - Contractual	51	-
- Non contractual	2	-
	<u>6,665</u>	<u>6,597</u>

Non-contractual Staff restructuring costs

Included in exceptional restructuring costs are non-contractual payments totalling £2,000 (2015 – Nil). Individually these payments were £1,000 each. The costs were approved by the Corporation's Finance and Human Resources committees.

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2016

8 Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Principal, two Vice Principals and Finance Director.

The number of key management personnel, including the Accounting Officer, who received emoluments, excluding pension contributions and benefits in kind, in the following ranges was:

	Key management personnel	
	2016 No.	2015 No.
£40,001 to £50,000	1	1
£60,001 to £70,000	2	2
£110,001 to £120,000	1	-
£120,001 to £130,000	-	1
	<hr/>	<hr/>
	4	4
	<hr/> <hr/>	<hr/> <hr/>

The College had no other higher paid staff who received emoluments over £60,000.

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2016

8 Key management personnel (continued)

	2016 No.	2015 No.
The number of key management personnel including the Accounting Officer was:	4	4

Key management personnel emoluments are made up as follows:

	2016 £'000	2015 £'000
Salaries	306	301
Benefits in kind	5	5
	<u>311</u>	<u>306</u>
Pension contributions	48	43
Total emoluments	<u>359</u>	<u>349</u>

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place beyond schemes available to all staff for childcare vouchers.

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid key management personnel) of:

	2016 £'000	2015 £'000
Salaries	119	121
Benefits in kind	2	2
	<u>121</u>	<u>123</u>
Pension contributions	18	16
Total emoluments	<u>139</u>	<u>139</u>

The pension contributions of the Accounting Officer and key management personnel are in respect of employer's contributions to the Teachers' Pension Scheme and Local Government Pension Scheme and are paid at the same rate as for other employees.

The members of the Corporation other than the Accounting Officer and the staff members did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2016

9 Other operating expenses

	2016 £'000	2015 £'000
Teaching costs	624	590
Non-teaching costs	608	662
Premises costs	776	774
Total	2,008	2,026

Other operating expenses include:

	2016 £'000	2015 £'000
Auditors' remuneration:		
Financial statements audit	12	12
Internal audit	9	10
Other services provided by the auditors	-	-
Hire of other assets – operating leases	38	38

10 Interest and other finance costs

	2016 £'000	2015 £'000
On bank loans fully repaid in the year	458	186
Enhanced pension provision finance costs	4	6
Local government pension scheme finance costs (note 24)	78	68
Total	540	260

The £458,000 bank loan cost includes £116,000 interest and a £342,000 fixed rate breakage fee to repay the loan early.

11 Taxation

The College is not liable for any corporation tax arising out of its activities during either year.

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2016

12 Tangible fixed assets

	Freehold land and buildings	Equipment	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 August 2015	18,855	722	19,577
Additions	73	26	99
Cost eliminated on disposal	-	(117)	(117)
At 31 July 2016	18,928	631	19,559
Depreciation			
At 1 August 2015	7,582	549	8,131
Charge for the year	606	130	736
Depreciation eliminated on disposal	-	(117)	(117)
At 31 July 2016	8,188	562	8,750
Net book value at 31 July 2016	10,740	69	10,809
Net book value at 31 July 2015	11,273	173	11,446

The transitional rules set out in FRS 102 regarding tangible fixed assets have been applied on implementing FRS 102. Accordingly, the book values at implementation have been retained.

As stated in the policy note the College carries inherited assets at an inherited valuation of £5,541,000. The assets were valued on incorporation and have not been updated since. The historic cost of the assets is £Nil.

Buildings and equipment with a net book value of £2,013,000 (2015: £2,328,000) have been financed by exchequer funds through for example the receipt of capital grants. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the EFA, to surrender the proceeds.

There have been no revaluations of fixed assets in the year.

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2016

13 Non-current investments

	2016 £'000	2015 £'000
Amounts maturing in more than one year:		
Cash at banks and building societies	1,250	-
Total	<u><u>1,250</u></u>	<u><u>-</u></u>

14 Debtors

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Trade receivables	4	4
Other debtors	42	48
Prepayments	132	98
Total	<u><u>178</u></u>	<u><u>150</u></u>

15 Current investments

	2016 £'000	2015 £'000
Amounts maturing within one year:		
Cash at banks and building societies	4,000	7,869
Total	<u><u>4,000</u></u>	<u><u>7,869</u></u>

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2016

16 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Bank loans and overdrafts	-	247
Payments received in advance	60	49
Trade payables	78	131
Other taxation and social security	120	109
Accruals	363	279
Amounts owed to the EFA	48	78
Deferred income – government capital grants	399	369
Deferred income – government revenue grants	48	-
Total	<u>1,116</u>	<u>1,262</u>

17 Creditors: amounts falling due after one year

	2016 £'000	2015 £'000
Bank loans	-	3,434
Deferred income – government capital grants	1,730	2,013
Total	<u>1,730</u>	<u>5,447</u>

18 Maturity of debt

Bank loans and overdrafts are repayable as follows:

	2016 £'000	2015 £'000
In one year or less	-	247
Between one and two years	-	236
Between two and five years	-	768
In five years or more	-	2,430
Total	<u>-</u>	<u>3,681</u>

All bank loans, originally repayable by instalments falling due between 1 August 2015 and 31 July 2029, were repaid in full during the year.

Interest was payable on the £3.8m fixed rate loan facility at 6.215% and on the £1.2m variable rate loan facility at 0.35% over the base rate.

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2016

19 Provisions for Liabilities and Charges

	Enhanced pensions £'000
At 1 August 2015	150
Benefits paid	(11)
Interest cost	4
Actuarial loss	10
At 31 July 2016	<u><u>153</u></u>

The enhanced pension provision relates to the cost of staff who have already left the College's employ and includes no amounts in respect of former senior post-holders. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:	2016	2015
Interest rate	2.30%	3.46%
Net interest rate	1.00%	1.75%

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2016

20 Restricted expendable endowments

	2016 £'000	2015 £'000
At 1 August	38	41
Donation received	1	-
Appreciation of endowment asset investment	-	-
Expenditure in the year	(3)	(3)
At 31 July	<u>36</u>	<u>38</u>

	Heartfield Wharam Memorial Fund £'000	Roger Coombes Memorial Fund £'000	Terry Kitson Memorial Fund £'000	Total £'000
At 1 August 2015	8	9	21	38
Donation received	1	-	-	1
Appreciation of endowment asset investment	-	-	-	-
Expenditure in year	(1)	-	(2)	(3)
At 31 July 2016	<u>8</u>	<u>9</u>	<u>19</u>	<u>36</u>

These funds are accounted for as restricted reserves as they can only be used for the purpose intended in the wills that bequeathed the funds to the College or for the purposes agreed with the fund provider.

In the current year donations received amounted to £1,000 (2015 – Nil) which consisted of income from music concerts and bank interest.

Heartfield/Wharam Memorial Fund

A fund donated to support the furthering of musical education and training.

Roger Coomes memorial fund

Award provided as grants to students of Modern Foreign Languages to enable them to visit Russia or a French-speaking country.

Terry Kitson memorial fund

Awards provided as a bursary to reward and facilitate students involved in voluntary work within the wider community in the UK or overseas.

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2016

21 Reconciliation of consolidated operating surplus to net cash inflow from operating activities

	2016 £'000	2015 £'000
Surplus for the year	338	653
Adjustment for non-cash items:		
Deferred income release	(315)	(275)
Depreciation (note 12)	736	701
Pension cost less contributions payable (notes 7 and 24)	140	21
Increase in debtors	(45)	(20)
Increase / (decrease) in creditors due within one year	200	(221)
Increase in creditors due after one year	-	230
Decrease in provisions	(7)	(4)
Adjustment for investing or financing activities		
Investment income	(71)	(83)
Interest payable	458	186
Net cash inflow from operating activities	<u><u>1,434</u></u>	<u><u>1,188</u></u>

22 Cash and cash equivalents

	At 1 August 2015 £'000	Cash flows £'000	At 31 July 2016 £'000
Cash and cash equivalents	<u><u>1,048</u></u>	<u><u>(164)</u></u>	<u><u>884</u></u>

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2016

23 Analysis of cash flows for headings netted in the cash flow statement

Cash flows from investing activities

	2016 £'000	2015 £'000
Investment income	87	83
Payments to acquire fixed assets	(166)	(353)
Disposal of current asset investments / (new deposits)	3,869	(269)
New non-current asset deposits	(1,250)	-
	<hr/>	<hr/>
Net cash inflow / (outflow) from investing activities	2,540	(539)

Cash flows from financing activities

Interest paid	(478)	(186)
Repayments of amounts borrowed	(3,660)	(218)
	<hr/>	<hr/>
Net cash outflow from capital expenditure and financial investment	(4,138)	(404)

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2016

24 Pension and similar obligations

The College's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Midlands Metropolitan Authorities Pension Fund. Both are multi-employer defined-benefit schemes.

Total pension cost for the year	2015/16	2014/15
	£'000	£'000
Teachers Pension Scheme: contributions paid	526	474
Local Government Pension Scheme:		
Contributions paid	284	255
FRS 102 (28) charge	62	54
Past service cost: enhanced pensions	-	-
	<hr/>	<hr/>
Charge to the Statement of Comprehensive Income	346	309
Enhanced pension charge to Statement of Comprehensive Income	-	-
	<hr/>	<hr/>
Total Pension Cost for Year within staff costs	872	783

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012 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.

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2016

24 Pension and similar obligations (continued)

Teachers' Pension Scheme

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

The Teachers' Pension Budgeting And Valuation Account

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

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation Of The Teachers' Pension Scheme

The latest actuarial review 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 (the Department) on 9 June 2014. The key results of the valuation and the subsequent consultation are:

- employer contribution rates were set at 16.48% of pensionable pay (including a 0.08% levy for administration)
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2016

24 Pension and similar obligations (continued)

The new employer contribution rate for the TPS was implemented in September 2015. A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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

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

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme will commence on 1 April 2015.

The pension costs paid to TPS in the year amounted to £540,000 (2015: £484,000).

FRS 102 (28)

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contribution rates.

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2016

24 Pension and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by West Midlands Metropolitan Authorities. The total contributions made for the year ended 31 July 2016 were £367,000, of which employers contributions totalled £284,000 and employee contributions totalled £83,000. The agreed contribution rates for future years are 14.9% for employers and range from 5.5% to 8.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2016 by a qualified independent actuary.

	At 31 July 2016	At 31 July 2015
CPI inflation	2.00%	2.20%
Rate of increase in salaries	3.75%	3.95%
Rate of increase in pensions	2.00%	2.20%
Discount rate for liabilities	2.60%	3.80%

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 2016 Years	At 31 July 2015 Years
<i>Retiring today</i>		
Males	23.0	23.0
Females	25.7	25.6
<i>Retiring in 20 years</i>		
Males	25.3	25.2
Females	28.1	28.0

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2016

24 Pension and similar obligations (continued)

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

	Fair value at 31 July 2016	Fair value at 31 July 2015
	£'000	£'000
Equities	4,707	4,112
Government bonds	550	529
Other bonds	679	724
Property	631	584
Cash	509	334
Other	856	675
Total fair value of assets	<u>7,932</u>	<u>6,958</u>
Weighted average expected long term rate of return	<u>2.60%</u>	<u>3.80%</u>
Actual return on assets	<u>808</u>	<u>638</u>

The amount included in the balance sheet in respect of the defined benefit pension plan is as follows:

	2016	2015
	£'000	£'000
Fair value of assets	7,932	6,958
Present value of liabilities	(11,668)	(9,043)
Net pensions liability	<u>(3,736)</u>	<u>(2,085)</u>

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2016

24 Pension and similar obligations (continued)

Analysis of the amount recognised in the Statement of Comprehensive Income

	2016 £'000	2015 £'000
Amounts included in staff costs:		
Current service cost	(324)	(309)
Past service cost	(22)	-
Total	<u>(346)</u>	<u>(309)</u>

Amounts included in interest and other finance costs:

Net interest cost	(78)	(68)
	<u>(78)</u>	<u>(68)</u>

Amount recognised in Other Comprehensive Income:

	2016 £'000	2015 £'000
Return on pension scheme assets	540	370
Changes in assumptions underlying the present value of plan liabilities	(2,051)	(698)
Amount recognised in Other Comprehensive Income	<u>(1,511)</u>	<u>(328)</u>

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2016

24 Pension and similar obligations (continued)

Local Government Pension Scheme (Continued)

Movement in deficit during year

	2016	2015
	£'000	£'000
Deficit in scheme at 1 August	(2,085)	(1,635)
Movement in year:		
Current service cost	(324)	(309)
Employer contributions	284	255
Past service cost	(22)	-
Net interest/return on assets	466	306
Administration expenses	(4)	(4)
Change in financial assumptions	(2,051)	(698)
Deficit in scheme at 31 July	<u>(3,736)</u>	<u>(2,085)</u>

	2016	2015
	£'000	£'000
Reconciliation of Liabilities		
Opening defined benefit obligation	9,043	7,768
Service cost	324	309
Interest cost	342	332
Change in financial assumptions	2,051	698
Benefits/transfers paid	(197)	(150)
Past service costs, including curtailments	22	-
Employee contributions	83	86
Liabilities at end of year	<u>11,668</u>	<u>9,043</u>

Reconciliation of Assets

Opening scheme assets	6,958	6,133
Interest on assets	268	268
Return on assets	540	370
Administration expenses	(4)	(4)
Employer contributions	284	255
Employee contributions	83	86
Benefits paid	(197)	(150)
Assets at end of period	<u>7,932</u>	<u>6,958</u>

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2016

25 Capital commitments

	2016 £'000	2015 £'000
Contracted for, but not provided in the accounts	16	7

26 Lease obligations

At 31 July the College had minimum lease payments under non-cancellable operating leases for equipment as follows:

	2016 £'000	2015 £'000
Other		
Not later than one year	38	38
Later than one and not later than five years	-	38
Later than five years	-	-
	<u>38</u>	<u>76</u>

During the year lease payments recognised as an expense amounted to £38,000 (2015 - £38,000)

27 Contingent liability

The College has no contingent liabilities.

28 Related party transactions

Due to the nature of the College's operations and the composition of the Corporation (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving organisations in which a member of the Corporation may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. No transactions were identified which should be disclosed under FRS102.

Transactions with the EFA are detailed in note 2.

The total expenses paid to or on behalf of the Governors during the year was £Nil (2015: £Nil).

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2015: Nil).

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2016

29 Bursary Fund

	2016 £'000	2015 £'000
Funding body grants – Bursary Fund	246	231
	<u>246</u>	<u>231</u>
Disbursed to students	(234)	(220)
Staffing	(12)	(11)
Balance under-spent as at 31 July	<u><u>-</u></u>	<u><u>-</u></u>

Funding body grants are available solely for students. The College acts only as a paying agent. The grants and related disbursements are therefore excluded from the Statement of Comprehensive Income, except for the 5% of the grant received which is available to the College to cover administration costs relating to the grant. The College employs a member of staff to administer bursary fund applications and payments.

30 Free Meals

	2016 £'000	2015 £'000
Funding body grants – Free Meals	72	87
	<u>72</u>	<u>87</u>
Disbursed to students and spent by students	(38)	(36)
Start-up costs	-	(4)
Balance under-spent as at 31 July	<u><u>34</u></u>	<u><u>47</u></u>

Funding body grants are available solely for students. The College acts only as a paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2016

31 Transition to FRS 102 and the 2015 FE HE SORP

The year ended 31 July 2016 is the first year that the College has presented its financial statements under FRS 102 and the 2015 FE HE SORP. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 July 2015 and the date of transition to FRS 102 and 2015 FE HE SORP was therefore 1 August 2014. As a consequence of adopting FRS 102 and the 2015 FE HE SORP, a number of accounting policies have changed to comply with those standards.

An explanation of how the transition to FSR 102 and the 2015 FE HE SORP has affected the College's financial position, financial performance and cash flows is set out below:

	Note	1 st August 2014 £'000	31 st July 2015 £'000
Financial Position			
Total reserves under previous SORP		11,433	11,651
Employee leave accrual	(a)	(82)	(82)
Changes to measurement of net finance cost on defined benefit plans	(b)	-	-
Total effect of transition to FRS 102 and 2015 FE HE SORP		(82)	(82)
Total reserves under 2015 FE HE SORP		11,351	11,569
		Year ended 31st July 2015 £'000	
Financial performance			
Surplus for the year after tax under previous SORP		653	
Pensions provision – actuarial loss		(334)	
Changes to measurement of net finance cost on defined benefit plans	(b)	(101)	
Total effect of transition to FRS 102 and 2015 FE HE SORP		(435)	
Total comprehensive income for the year under 2015 FE HE SORP		218	

THE SIXTH FORM COLLEGE, SOLIHULL

NOTES ON FINANCIAL STATEMENTS (continued)

For the year ended 31 July 2016

a) Recognition of short term employment benefits

No provision for short term employment benefits such as holiday pay was made under the previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. The annual leave year runs to 31st August each year for both teaching and non-teaching staff meaning that, at the reporting date, there was an average of 4 days unused leave for teaching staff, 0.3 days unused leave for support staff on term-time contracts and 5 days unused leave for full-year support staff. In addition, certain non-teaching employees are entitled to carry forward up to 1 day of any unused holiday entitlement at the end of the leave year. The cost of any unused entitlement is recognised in the period in which the employee's services are received. An accrual of £82,000 was recognised at 1 August 2014, and at 31 July 2015. Following a re-measurement exercise in 2015/16, the movement on this provision of £10,000 has been charged to Comprehensive Income in the year ended 31 July 2016.

b) Change in recognition of defined benefit plan finance costs

The net pension finance cost recognised in the Income and Expenditure account for the year ended 31st July 2015 under the previous UK GAAP was the net of the expected return on pension plan assets and the interest on pension liabilities. FRS 102 requires the recognition in the Statement of Comprehensive Income, of a net interest cost, calculated by multiplying the net plan obligations by the market yield on high quality corporate bonds (the discount rate applied). The change has had no effect on net assets as the measurement of the net defined benefit plan obligation has not changed. Instead, the decrease in the surplus for the year has been mirrored by a reduction in the actuarial losses presented within Other Comprehensive Income.

c) Presentation of actuarial gains and losses within Total Comprehensive Income

Actuarial gains and losses on the College's defined benefit plans were previously presented in the Statement of Total Recognised Gains and Losses (STRGL), a separate statement to the Income and Expenditure account. All such gains and losses are now required under FRS 102 to be presented within the Statement of Comprehensive Income, as movements in Other Comprehensive Income.

THE SIXTH FORM COLLEGE, SOLIHULL

INDEPENDENT AUDITOR'S REPORT ON REGULARITY

Independent Auditor's Report on Regularity to the Corporation of The Sixth Form College, Solihull and the Secretary of State for Education acting through the Education Funding Agency

This report is produced in accordance with the terms of our engagement letter dated 18 June 2015 for the purpose of reporting on the College's Statement of Regularity, Propriety and Compliance in respect of whether the transactions underlying the College's financial statements for the year ended 31 July 2016 are regular as defined by and in accordance with the Funding Agreement with the Secretary of State for Education acting through the Education Funding Agency, in accordance with the authorities that govern them.

The regularity assurance framework that has been applied is set out in the Joint Audit Code of Practice and the Regularity Audit Framework published by the Skills Funding Agency and the Education Funding Agency.

Our review has been undertaken so that we might state to the Corporation of The Sixth Form College, Solihull and the Secretary of State for Education acting through the Education Funding Agency those matters we are required to state to them in a report and for no other purpose. This report is made solely to the Corporation of The Sixth Form College, Solihull and the Secretary of State for Education acting through the Education Funding Agency in accordance with the terms of our engagement letter. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation of The Sixth Form College, Solihull and the Secretary of State for Education acting through the Education Funding Agency for our review work, for this report, or for the opinion we have formed.

Responsibilities of the Corporation of The Sixth Form College, Solihull

The Corporation of The Sixth Form College, Solihull is responsible under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that financial transactions are in accordance with the framework of authorities which govern them and that transactions underlying the financial statements for the year ended 31 July 2016 are regular.

The Corporation of The Sixth Form College, Solihull is also responsible, under the requirements of the Accounts Direction 2015/16 published by the Skills Funding Agency and the Education Funding Agency for the preparation of the Statement on Regularity Propriety and Compliance. The Statement confirms that, to the best of its knowledge, the Corporation believes it is able to identify any material, irregular or improper use of funds by the College, or material non-compliance with the Education Funding Agency's terms and conditions of funding under the College's funding agreement. It further confirms that any instances of material irregularity, impropriety or funding non-compliance discovered in the year to 31 July 2016 have been notified to the Education Funding Agency.

THE SIXTH FORM COLLEGE, SOLIHULL

INDEPENDENT AUDITOR'S REPORT ON REGULARITY

Auditor's responsibilities

Our responsibility is to express a reasonable assurance opinion in respect of whether the transactions underlying the College's financial statements for the year ended 31 July 2016 are in all material respects regular, based on the procedures that we have performed and the evidence that we have obtained. Our reasonable assurance engagement was undertaken in accordance with the Joint Audit Code of Practice, the Regularity Audit Framework and our engagement letter dated 18 June 2015. The International Standards on Auditing (UK and Ireland) and Joint Audit Code of Practice require that we plan and perform this engagement to obtain reasonable assurance in respect of the assertion that the transactions underlying the financial statements are in all material respects regular.

Basis of opinion

We have performed procedures on a sample basis so as to obtain information and explanations which we consider necessary in order to provide us with sufficient appropriate evidence to express reasonable assurance that the College's Statement of Regularity, Propriety and Compliance is fairly stated in respect of whether the transactions underlying the College's financial statements are in all material respects regular for the year ended 31 July 2016.

Opinion

In our opinion the College's Statement of Regularity, Propriety and Compliance is fairly stated in respect of whether the transactions underlying the College's financial statements are in all material respects regular for the year ended 31 July 2016.

MOORE STEPHENS LLP
Chartered Accountants
35 Calthorpe Road
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B15 1TS

Date: