Barton Peveril
Sixth Form College

Annual Report and Financial Statements
for the year ending 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 Leadership Team and were represented by the following in 2015/16:

Jonathan Prest	Principal and CEO; Accounting officer
Matthew Chart	Assistant Principal (Finance and Resources)
Mandy Wood	Assistant Principal (Teaching and Learning)
Zoe Smallman	Assistant Principal (Quality and Progress)
Rob Temple	Assistant Principal (Schools and Community)

Board of Governors

A full list of Governors is given on pages 18 and 19 of these financial statements.

Mrs J Miles acted as Clerk to the Corporation throughout the period.

Professional advisers

Financial statements auditors and reporting accountants:
Mazars LLP
5th Floor
Merck House
Seldown Lane
Poole
Dorset
BH15 1TW

Internal auditors:
TIAA Ltd
Business Support Centre
53-55 Aerodrome Road
Gosport
Hampshire
PO13 0FQ

Bankers:
Lloyds Bank
39 Threadneedle Street
London
EC2R 8AU

Solicitors:
Paris Smith
Number 1 London Rd
Southampton
Hampshire
S015 2AE

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Barton Peveril Sixth Form College 2015-16

Jonathan Prest
Principal

Barton Peveril Sixth Form College has continued to thrive during what has been another busy and exciting year. A year ago the Government's review of further education was announced and the subsequent Solent Area Based Review (ABR) demanded much of the senior leadership team. The outcome of the review was that Barton Peveril was considered strong enough both financially and with the quality of its education to remain as an independent sixth form college or apply for conversion to a Single Academy Trust. The Corporation are now weighing up the advantages of each of these options with a view to deciding its preferred route by the end of 2016.

A visit from Ofsted in May 2016 was another important point in the year. This short inspection resulted in Ofsted judging us to be 'Good' but with many 'Outstanding' features.

Neither the ABR nor the visit from Ofsted have diverted us from our core mission to be a community committed to the highest standards of learning, effort and achievement. Indeed, in many ways, they have reinforced this mission and our flourishing reputation, increasing popularity and growing student population are a testament to the purposeful dedication and commitment of our staff.

We continue to focus on the quality of each individual student's experience, investing heavily in staff development centred on outstanding teaching and learning. High quality advice and guidance, outstanding learning experiences and excellent support for positive progression routes have once again resulted in very high achievement, retention, success and progression rates in 2016.

In September 2015 our brand new state-of-the-art Science Centre welcomed its first students. The centre comprises nine large laboratories, a classroom, student work areas and a staff room providing fantastic accommodation and resources for students of Biology, Chemistry, Physics, Environmental Science, Electronics and Engineering.

In a challenging financial climate the College is growing, investing in its estate and maintaining the quality of the education it provides. Despite the pressures in the current FE sector we believe we are well-placed to continue to deliver an outstanding experience for our learners.

Mission, Vision and Values

Mission

A community committed to the highest standards of learning, effort and achievement

The College Vision

Our vision is of a community where everyone connected to it is committed to the highest standards of learning, effort and achievement. Together, we celebrate acquiring, developing and applying knowledge and skills both for their own sake and to enrich and enhance our lives and futures.

This means:

- As a student I make a conscious choice to sign up to the values of the College and make learning my highest priority whilst I am here. I aim to develop, consolidate and deepen my knowledge, understanding and skills. I take personal responsibility for engaging with the learning community and contributing to its development.

- As a member of teaching staff I commit to the development of independent learners, extending students' knowledge, understanding and skills. I seek to extend my subject knowledge and pedagogical skills through reflection, researching best practice and peer learning and review.

- As a member of the support staff I commit to making the learning community work effectively, offering excellent customer services and support whilst developing my skills and knowledge.

- As a leader I develop my own skills and knowledge and exemplify the values of the learning community. I enhance the culture of the College to allow the values to flourish. Through leadership and teamwork I manage the resources to enable the community to thrive and develop.

- As a parent or guardian I encourage the young person I have responsibility for to take full advantage of the learning community. I help make her / his learning the highest priority while she / he is at College. I create the conditions and necessary resources to study at home. Through dialogue, I fuel the motivation to study, contribute, grow and prepare for the future.

- As a governor I support the College as a learning community and monitor and encourage its progress, setting challenging objectives and asking searching questions. I convey and celebrate the College's achievements to the wider community. I exemplify learning by enhancing my governance skills and knowledge of education and pedagogy.

Values and attributes

- Making **learning** my priority
- Developing **high expectations** of myself and others
- Taking **responsibility** for my progress
- **Respecting** and valuing others; advancing equality, diversity and inclusion
- Contributing to the College and wider **community**
- Developing the **skills** for success in a global economy
- Maintaining **health** in body and mind

Governance

The College continues to be expertly served by an outstanding body of governors. The Chair has significant experience in both government departments and the HE sector and members of the corporation are drawn from and bring recent and high level experience of local government, secondary education as well as the local business, commercial and charity sectors. They both share and provide a lead in the College's aspiration to be outstanding in all it does.

Success and Outcomes

The College has continued to deliver excellent student outcomes. In 2016 the A level pass rate was above 98% for the eleventh successive year and at AS level the 3% increase in 2015 was maintained in 2016. Substantial vocational qualifications again produced outstanding results with a record breaking number of top grades.

The majority of our 18 year-old leavers progressed on to university courses or on to our Level 4 Foundation Art and Design course in 2016. 9% of the leavers intend to take a gap year prior to progressing to university with the others taking up various types of apprenticeship or employment opportunities.

Growth

Following an increase in student numbers of 7.7% in 2014-15 we enrolled a further 160 students (5.5%) to reach 3000+ students for the first time in 2015-16. Early indications are that we have grown by a similar number of students (150+) in 2016-17. We believe that the College's recent mission and strategic plans have successfully focussed all our work and efforts and that this has resulted in:

- a flourishing reputation, built on positive engagement with our partner schools and an increasing number of taster days for pupils in year 10 and 11
- increasing popularity, with students from both partner schools and those from further afield choosing us as their preferred college in a very competitive area
- a growth in student population

We know that in these times of exceptional pressure on the funding of post-16 education a strong local reputation for excellence and the capacity to grow is of vital importance.

We maintain extremely positive working relationships with schools in our local consortium as well as further afield enabling us to provide a smooth transition for local school pupils into their sixth form education.

Estates

In 2015-16 the College has continued its significant investment into the college estate. This has included a total refurbishment of the old science accommodation on the second floor of the Mountbatten building to provide eleven classrooms, a student work area and staff offices and work room for the English and Modern Foreign Languages Department.

A new fitness suite has been created for our growing Sport Department and an additional student social space in our Rose Building provides extra seating for eating and working.

Additional landscaping and outdoor developments contribute to a fantastic campus environment and provide additional social facilities for our student body. Students consistently report that the layout of and facilities within the campus are a major element in their choice to study at Barton Peveril.

Financial Context

As the Financial Statements presented here demonstrate, the College has managed its business to successfully deliver a surplus in 2015-16 despite the considerable pressures on funding over the past five years. The College has been diligent and proactive in addressing staffing and other costs and shaping itself to cope with reduced levels of funding. The much-heralded ‘cliff-edge’ in 2016 when the funding protection implemented in 2012 (when the new EFA funding formula was introduced) was due to be removed didn’t fully materialise. Government spending plans enabled a tapered removal of this funding protection which will benefit the college both in 2016-17 and by a smaller amount in 2017-18.

The Local Educational Context

The College is situated in a competitive area. There are a wide range of options for post-16 students. The College remains a very strong player in the field with its growing student population and reputation for excellence. However, there are challenges for the College to address. The outcomes of the ABR, both for the college and its competitors, will provide additional marketing and reputational challenges and partner schools' ambitions to create their own sixth forms may put further pressure on student numbers and growth opportunities. We know that there is a small demographic downturn for 16-18 year olds in the next four or five years.

Barton Peveril Sixth Form College students perform in a remarkable and mature performance of Les Miserables.

Operating and Financial Review

Nature, Objectives and Strategies:

The Corporation of Barton Peveril Sixth Form College has pleasure in presenting their report and the 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 Barton Peveril Sixth Form College.

Public Benefit

Barton Peveril Sixth Form College is an exempt charity under the Part 3 of the Charities Act 2011 and from 1st September 2013 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 18 and 19.

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 employment record for students
- Strong student support systems
- Links with employers, industry and commerce

Implementation of Strategic Plan

In July 2015 the College agreed the strategic plan for the period July 2015 to August 2018. The Corporation monitors the performance of the College against this plan, which is reviewed and updated each year. The College's progress against its Key Performance Indicators (KPIs) is:

Progress Report: Strategic Priorities & Key Performance Indicators: 2015-18

Strategic Priority 1			
Developing in students; pleasure, ownership and responsibility for their learning and efforts. • Putting significant time and effort into learning • Knowing how to organise, discuss and improve their learning • Enjoying and celebrating learning • Developing curiosity and high ambitions			
Quantitative Key Performance Indicators (KPIs)	Where are we with KPIs in 2015?	Where do we want to be in 2018?	Update on progress – October 2016
KPI 1 Increase in the amount of Independent Learning reported by students	20% of students report doing 3 hours or more of study per subject per week	60% of students report doing 3 hours or more of study per subject per week	52% of students report doing 3 hours or more of study per subject per week – Spring 2016
KPI 2 Percentage of students going to high tariff universities	23% of students who go to University, progress to Russell Group of universities	26% of students progress to Russell Group universities	24% of the 2015 leavers who applied to HE went on to Russell Group universities

Strategic Priority 2			
Enhancing the professional skills and job satisfaction of staff • Taking full responsibility for our own performance • Committing to the development of our skills, professional knowledge • Developing our careers • Maintaining good health • Having the highest expectations of our performance (which also means having the highest expectations of the performance of their students)			
Quantitative Key Performance Indicators (KPIs)	Where are we with KPIs in 2015?	Where do we want to be in 2018?	Update on progress – October 2016
KPI 3 Improvement in the 'agreement' scores for statements from Staff Satisfaction Survey: *a) I feel valued in this organisation* *b) I enjoy my job* c) *Staff receive appropriate training to do their job effectively*	Scored on a 1 – 4 scale (where 4 is the best), average scores are: a) 2.61 b) 3.00 c) 2.83	A 5% improvement a) 2.75 b) 3.15 c) 2.97	Staff Satisfaction Survey undertaken in October 2016 gave following outcomes a) 2.83 b) 3.06 c) 2.95

Strategic Priority 3			
Highly effective and visionary leadership and governance • Developing and communicating a convincing vision for the College community • Inspiring trust through inter-personal skills, integrity and ability • Developing staff and enhancing their performance • Establishing an effective business model to resource learning and enhance opportunities • Enabling and challenging people to do better in an environment in which everyone is encouraged to be appropriately self-critical			
Quantitative Key Performance Indicators (KPIs)	Where are we with KPIs in 2015?	Where do we want to be in 2018?	Update on progress – October 2016
KPI 4 Improvement in the scores for statements from Staff Satisfaction Survey:	Scored on a 1 – 4 scale (where 4 is the best), average scores are:	A 5% improvement	Staff Satisfaction Survey undertaken in October 2016 gave following outcomes
a) Staff in positions of authority give clear leadership	a) 2.60	a) 2.73	a) 2.80
b) When change is necessary it is managed effectively	b) 2.39	b) 2.51	b) 2.50
c) Issues identified in appraisal meetings lead to actions	c) 2.81	c) 2.95	c) 2.95
KPI 5 Budget Surplus forecast in target range set by Corporation (2 - 4%)	2.42%	2 – 4%	Accounts for year-end 31st July 2016 show a surplus of 3.48%.

Strategic Priority 4			
Culture of everyone embracing high expectations across all college activity • Pursuing the best outcomes and value added for students • Being ambitious for the overarching future plans of our students • Promoting the wider skills of students required for employability, health and personal fulfilment • Enriching education beyond the examined curriculum • Ensuring the safety of our students • Offering excellent service to all in the college community • Expecting the highest standards of conduct, self-discipline and self-awareness of all in the community			
Quantitative Key Performance Indicators (KPIs)	Where are we with KPIs in 2015?	Where do we want to be in 2018?	Update on progress – October 2016
KPI 6 Maintain/Improve Value Added Scores	AS Level Grade 3 A2 Level Grade 4 Vocational Grade 3	All at least Grade 3	AS Level Grade 4 A2 Level Grade 4 Vocational Grade 4
KPI 7 Improvements in destinations measures:			
% of year 13 applying to University by the UCAS deadline	58% for 2015	75% for 2018	62% in 2016
% at University one year after leaving college	73% (2014 leavers)	77% 2017 leavers	75.1% (2015 Leavers)

Strategic Priority 5			
Engaging with society and our regional community • Preparing students to contribute significantly to the national and local economy • Championing equality, diversity and inclusivity • Providing opportunity and social mobility • Contributing to the fabric of the community			
Quantitative Key Performance Indicators (KPIs)	Where are we with KPIs in 2015?	Where do we want to be in 2018?	Update on progress – October 2016
KPI 8 Increase in success rate of bottom income quartile students, as measured by Six Dimensions Report.	4.8pp below expected for AS 2.0pp below expected for A2.	2.5pp below expected at AS 1.0pp below expected at A2	5.6pp below expected for AS 0.2pp below expected for A2
KPI 9 Increase in % of students taking up STEM courses at University	38% (2014 leavers one year on)	40%	38% (2014 Leavers one year on) 2015 Leavers data not yet available
KPI 10 Eliminate the Value Added gap between males and females at AS and A2	1 ALPs grade at AS 2 ALPs grades at A2	No Value Added gap at either AS or A2	3 ALPs grades at AS 3 ALPs grades at A2

Financial objectives

The College's financial objectives are:

- To achieve an annual operating surplus
- To maintain the confidence of the Funding Agencies, suppliers, bankers and auditors
- To generate sufficient income to enable maintenance and improvement of its accommodation and equipment
- To protect it from any adverse changes in enrolments
- To fund continued capital investment

Specifically these objectives will be achieved by maintaining a sound financial base, both solvency and liquidity:

- Cash flow from operations will remain positive
- A current ratio will be maintained in excess of 1.5
- Salary costs will be maintained at 60% - 65% of income
- General reserves will be in excess of 35% of income
- Cash days will exceed 30 at all times with a year-end target of 30-45 days
- An operating surplus will be achieved each year, normally 2% - 4%
- Borrowing levels do not exceed acceptable and manageable levels
- Financial and non-financial returns are made on time and in agreed format
- All returns requiring certification by auditors are unqualified

All of these objectives are monitored on a monthly basis through a series of financial performance indicators. Whilst fluctuations in these measures are expected through the year, the end of year position highlights the following:

- Cash days in hand, at 51.62 days, is above the target range of 30-45.
- The end of year surplus, at 3.48%, is within the target range of 2-4%.
- Pay expenditure both as a % of income and as a % recurrent grant is marginally below the target ranges. This is a result of the college shaping itself for the tapered reduction in funding which begins in 2016.

The College is committed to observing the importance of the measures and indicators within the accepted frameworks and is monitoring these through the completion of the annual Finance Record for the Skills Funding Agency (SFA) / Education Funding Agency (EFA). The current rating of Good is considered an acceptable outcome.

Financial Position

Financial results

The College generated an operating surplus in the year of £507,072. For 2014/15 there was a surplus of £29,465. A surplus of £697,072 was achieved on continuing operations prior to the FRS102 change of presentation. The College regards a surplus of £507,072 (3.48%) as important for the following reasons: the Corporation has set a surplus target of 3 – 5% for future years; to enable us to support our growth strategy by investing in our estate, particularly in social spaces; to enable us to reduce our levels of borrowing; to retain adequate cash in the bank as security against an unexpected downturn in student enrolments.

The College has accumulated reserves of £5,703,114 and cash balances of £2,061,054.

Tangible fixed asset additions during the year amounted to £2,220,616. This was mainly for the provision of new teaching blocks.

The College has significant reliance on the Funding Agencies for its principal funding source, largely from recurrent grants. In 2015/16 the Funding Agencies provided 88% of the College's total income.

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 treasury management policy clearly set out within the College Financial Regulations.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the College's Financial Memorandum.

Cashflow and liquidity

At £427,532 the net cash 'in flow' was in line with predictions. For 2014/15, there was a net cash 'in flow' of £500,877.

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 cash-flow.

Current and Future Development and Performance

Student numbers

In 2015-16 the College has delivered activity that has produced £12,773,297 in funding body main allocation funding (2014-15 – £12,038,333). There were 3013 16-18 year old students and 334 19+ students were SFA-funded during 2015-16. There were also 181 non-Government funded students participating in a range of recreational and craft based courses.

Student achievements

Students continue to prosper at the College. Achievement rates remained high in 2015-16 with 98.4% A level pass rate and a retention level of 97.8%.

Curriculum developments

During the day the College continues to provide high quality sixth-form education to its traditional catchment area of Eastleigh and the neighbouring communities of Romsey and the New Forest to the west and Swanmore and Bishops Waltham to the east. However, increasing numbers of students are continuing to come from schools in Fareham, Southampton and Winchester. The college has recently added Level 3 vocational courses in Law, Science, Engineering and Criminology to complement the wide range of A levels on offer. This has provided a more suitable and successful qualification route for some of our students. The College has also added a range of additional options for students to enhance their employability skills.

The College is fully committed to responding positively to the national changes to A levels. The College is providing high-quality Information, Advice and Guidance (IAG) to its prospective students and their parents to enable them to understand these changes and the implications for them on both the size and content of student programmes. In 2015-16 the college provided the opportunity for all students to take an AS level in the first year of all the A level subjects they studied. However, this practice is changing for 2016-17 as an increasing number of A level qualifications have moved to the new two-year linear format. We do retain a bespoke AS level qualification in a smaller number of subjects.

In our Adult Learning area we have consolidated the Access to university courses and we have reshaped our provision to make this the central pillar of our provision. The department continues to offer a range of other academic, vocational and leisure opportunities.

The College has been very successful in its first 3 years of delivering the Art Foundation course with results above the national benchmark.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 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 target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2015 to 31 July 2016, the College paid 97% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Events after the end of the reporting period

There were no significant post balance sheet events.

Future prospects

The College has continued to show modest growth in student numbers each year and projections assume that we will not shrink from the current numbers. We have continued to invest in infrastructure as part of a strategy to encourage growth and in order to reflect recent growth. We believe this will have a positive impact on our ability to cope with the financial restrictions that are a consequence of the Government's freeze on funding for the sector and to remain a going concern.

Future planning assumes that a larger proportion of our students will have smaller programme sizes in order for us to continue offering an appropriate curriculum within the reduced funding available. As is the case now, we intend that the vast majority of our 16-18 year-old students will continue to be full-time.

The recent Solent Area Based Review (ABR) has recommended that Barton Peveril Sixth Form College should either remain as an independent sixth form college or apply to become a Single Academy Trust (SAT). The Corporation of the college will decide on which of these options to pursue in December 2016. Thorough financial modelling will provide a robust basis on which to make a decision that will ensure the 'going concern' basis of the college.

Resources

The College has various resources that it can deploy in pursuit of its strategic objectives. However, the main tangible resource is the college campus.

Financial

The College has £5.70M of net assets (including £4.21M pension liability) and long term debt of £6.57M.

People

The College employs 360 people (217 expressed as full time equivalents), of whom 142 are teaching staff.

Reputation

The College has a good 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 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's Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. The group maintains a risk register which 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. In addition the register identifies 'Processes & Systems', 'Structures & Roles', 'Attitudes, Skills & Behaviours' and 'Materiality' controls, 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. The risk register is maintained at the College level and reviewed at least annually by the Audit Committee and more frequently where necessary.

In addition to the annual review, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College. In 2015-16 the College's implementation of the Government's Prevent agenda was monitored in detail by the Risk Management Group. Staffing issues surrounding the ability to recruit and retain staff of the required skill and expertise also formed a major part of the group's work.

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.

1. **'Achieving funding targets and /or other Funding Agency criteria for success'**

The College has considerable reliance on continued government funding through the Funding Agencies. In 2015-16 88% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of several issues which may impact on future funding:

- The tapered removal of 'protection' funding for colleges following the 2012 changes to the funding mechanism
- Potential further changes to the funding mechanism

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- By ensuring the College is rigorous in delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships with the Funding Bodies
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding
- Close monitoring of the demand for Adult Learning courses as prices change

In line with the majority of other colleges, Barton Peveril Sixth Form College will seek to increase tuition fees for its Adult Learning provision in accordance with the rising fee assumptions. The price elasticity of adult learning determines how the College sets its fees in line with market forces and its understanding of its customer base. The risk for the College is that demand falls off as fees increase. The college has undertaken considerable reshaping of its Adult Learning Provision over the past two years with a focus on Access to University courses and GCSE English and Maths. This combines both a pragmatic approach to attracting funding as well as meeting the needs of the local adult learning community.

2. ‘**Maintaining operational continuity of critical servers, network devices and critical software’**

This risk is mitigated in a number of ways:

- By investing in multiple server locations to cover the risk of a significant fire in any one of the current server rooms
- By upgrading the fibre connections across the campus and renewing the data switches to meet future demand for both speed and volume of data traffic
- By investing in the programming and maintenance team to secure and protect both the physical infrastructure and home-grown software systems

3. ‘Managing Publicity’

This risk is mitigated in a number of ways:

- Employing a Marketing Manager to coordinate and plan for all eventualities
- Having robust processes in place for organising and risk-assessing trips and other events which could potentially result in an element of public interest

Stakeholder Relationships

In line with other Colleges, Barton Peveril Sixth Form College has many stakeholders. These include: Governors; Students; Funding Bodies; Staff; Local employers; Local Authorities; Local Enterprise partnerships; Government Offices; Regional Development Agencies; the local community; other FE institutions; Trade unions; Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through the College Internet site and by meetings.

Equal opportunities and employment of disabled persons

Barton Peveril Sixth Form 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. This policy will be resourced, implemented and monitored on a planned basis.

The College carries out an annual self-assessment Equality and Diversity review resulting in an E&D Report and action plan. The College’s Single Equality Scheme and Equality Objectives are published appropriately.

The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. 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, as far as possible, provide identical opportunities to those of non-disabled employees.

Disability statement

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

a) As part of its on-going Equality, Diversity and Inclusion strategy the College regularly updates its access audit, and the results of this form the basis of an action plan aimed at improving access.
b) The College has an Equality, Diversity and Inclusion Coordinator who provides a lead on information, advice and promotion of disability awareness and a Learning Support manager who arranges support where necessary for students with disabilities.
c) There is a range of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the learning support department.
d) The admissions policy for all students is described in the College Charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
e) The College has a professional team of specialist teaching and non-teaching staff to support students with learning difficulties and/or disabilities.
f) All areas of the college buildings are accessible to staff or students with disabilities. This is supported by tactile signage, lifts and disabled toilets in each building.
g) Counselling and welfare services are described in the College Student Guide, which includes the Complaints and Disciplinary Procedure at induction.

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Approved by order of the members of the Corporation on 5th December 2016 and signed on its behalf by:

……………………………………. Professor Roger Brown Chair of Corporation

Statement of Corporate Governance and Internal Control

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. This statement covers the period from 1st August 2015 to 31st July 2016 and up to the date of approval of the annual report and financial statements.

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).

The College is committed to exhibiting best practice in all aspects of corporate governance. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the Governors, the College complies with all the provisions of the Foundation Code, 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 a particular duty to observe the highest standards of corporate governance at all times.

The Corporation

The members who served on the Corporation during the year and up to the date of signature of this report were as listed in the following table.

Governors serving with the College Corporation during 2015-2016

Name	Date of appointment	Term of Office	Date of departure	Status of appointment	Committees served during the period	Attendance 2015-16
Professor Roger Brown ***Chair of Corporation from Dec 2009***	Mar 2009 Re-appointed Mar 2013	4 years		Corporation Member	Standards, Learning and Curriculum; Search and Governance (***Chair from May 2010)****;* Finance and Employment	100%
Mrs Karen Everett ***Vice Chair of Corporation from Dec 2014***	Mar 2010 Re-appointed Mar 2014	4 years 4 years		Corporation Member	Finance and Employment ***(Chair from Nov 2013)****;* Search and Governance	67%
Mr Jonathan Prest	Aug 2008	N/A		Principal	Search and Governance; Finance and Employment	100%
Mrs Shirley Anderson	*(Oct 2008)* Appointed Dec 2009 Re-appointed Dec 2013	*N/A* 4 years 4 years		*Additional Committee Member* Corporation Member	Search and Governance; Finance and Employment	33%
Miss Erin Bailey	Jun 2016	1 year		Student Member	Standards, Curriculum and Learning	n/a

Mr David Blenkarn	Mar 2015	4 years		Corporation Member	Audit Search and Governance (from March 2016)	67%
Mr Peter Boote	Jul 2010 Re-appointed Jul 2014	4 years 4 years		Corporation Member	Audit ***(Chair from Nov 2013)***	67%
Miss Jasmine Bowler	Jun 2016	1 year		Student Member	Standards, Curriculum and Learning	n/a
Mrs Madeline Cole	Jul 2015	3 years		Additional Committee Member	Finance and Employment	n/a
Ms Debra Collins	Jan 2015	3 years		Staff Member	Audit	67%
Mr Dev Daas	Jul 2015	1 year	Mar 2016	Student Member	Standards, Curriculum and Learning	100%
Ms Karen Dagwell	Sep 2015	4 years		Corporation Member	Standards, Curriculum and Learning	67%
Miss Jessica Eason	Jul 2014	4 years	Resigned Jun 2016	Corporation Member	Standards, Curriculum and Learning	n/a On sabbatical 2015-2016
Mr Alan Glaze	Jul 2015	3 years		Staff Member	Standards, Curriculum and Learning	100%
Miss Emily Hall	Jul 2015	1 year	Mar 2016	Student Member	Standards, Curriculum and Learning	50%
Cllr Keith House	2002 Re-appointed Jul 2006 Jul 2010 Jul 2014	4 years 4 years 4 years 4 years		Corporation Member	Search and Governance (to October 2015); Finance and Employment	67%
Mrs Yasmeen Hussain	Dec 2013	4 years		Corporation Member	Standards, Curriculum and Learning	100%
Mr Andrew Jackman	Oct 2012 Re-appointed Oct 2016	4 years 4 years		Corporation Member	Audit; Search and Governance	100%
Miss Debbie Knight	Dec 2014	3 years		Parent Governor	Standards, Curriculum and Learning	100%
Professor Jane Longmore	Oct 2012 Re-appointed Oct 2016	4 years 4 years		Corporation Member	Standards, Curriculum and Learning ***(Chair from Sep 15)***	67%
Dr David Robinson	Mar 2013	4 years		Corporation Member	Audit Standards, Curriculum and Learning	100%
Mrs Lynn Webb	Mar 2011 Re-appointed Mar 2015	4 Years 4 Years		Corporation Member	Standards, Curriculum and Learning	100%
Overall average attendance						**81%**
Mrs Joan Miles	January 2012	Clerk to the Corporation				

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 personnel-related matters such as health and safety and environmental issues. The Corporation meets at least each term.

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 Standards, Curriculum and Learning Committee, Finance and Employment Committee, Search and Governance Committee and Audit Committee. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at:

Barton Peveril Sixth Form College, Chestnut Avenue, Eastleigh, Hampshire, SO50 5ZA

The Clerk to the Corporation 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 Corporation, who is responsible to the Corporation 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 Corporation 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.

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 and Governance Committee, consisting of six members of the Corporation, which 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.

Corporation Performance

Information Paper 658, taken by the Corporation at its meeting on 7th December 2015 provides the outcomes of the biennial Corporation Self-Assessment process.

The process involves anonymous questionnaires completed by all members of the Corporation (apart from student governors), the clerk and members of the senior leadership team.
Members respond to statements about the effectiveness of the Corporation and on the

effectiveness of the chairing of the Corporation and of all the committees. Members respond on a four point scale of how well responsibilities are being met (Fully Meets, Mostly Meets, Partially Meets, Does Not Meet).

The overall assessment is that the Corporation, its Chair and the workings of the committees are all very effective. Of the 250 responses collated, 87.8% are in the Fully Meets category and a further 11.4% in the Mostly Meets. This leaves just 0.8% Partially Meets and none in the lowest category.

In summary, all committee chairs were deemed to provide strong leadership to their committees. The majority of respondents felt that they were well-equipped for the role of Governor. They felt supported and that there was full debate and discussion in committees.

Finance and Employment Committee

Throughout the year ending 31 July 2016, the College's Finance and Employment Committee comprised six members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the financial health of the College and the remuneration and benefits of the Principal and other senior post-holders. It also considers the College's statutory employment policies and procedures.

Details of remuneration for the year ended 31 July 2016 are set out in note 6 to the financial statements.

Audit Committee

The Audit Committee comprises five members of the Corporation (excluding the Principal and Chair). The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets at least three times a year and provides a forum for reporting by the College's internal, regularity and financial statements 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 College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee. Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Corporation on the appointment of internal, regularity and financial statements auditors and their remuneration for both audit and non-audit work.

Search and Governance

The Search and Governance committee meets at least three times a year and comprises six members. Its responsibilities include advising the Corporation on:

- Governance matters including its composition and the membership of its Committees, co-ordinating the search for new members as vacancies occur
- The appointment of potential members taking into account diversity and skills within the Corporation membership

It also oversees:

- The eligibility of members and the Register of Interests
- The Self-Assessment of Governance and monitors the resulting Action Plan and the periodic review of the effectiveness of Governance
- The Recruitment Policy and Process for a Chair of Corporation
- The provision of appropriate Governor training

In addition it manages the Corporation DBS Checks and Disclosures Policy and Procedures and, following the recent new governance freedoms, it also reviews the Instrument and Articles of Government.

Standards, Curriculum and Learning

The Standards, Curriculum and Learning Committee meets at least three times a year and comprises at least six members, one of which is a Student Governor. It advises the Corporation on the Quality and Standards achieved in the College and monitors, reviews and challenges key performance indicators. It provides challenge and support in reviewing student achievement and experience through the analysis of various reports.

Additional responsibilities include monitoring the range, adequacy and sufficiency of the College's curriculum offer and reviewing the effectiveness and impact of the teaching staff appraisal scheme and staff development.

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 Principal, 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 Barton Peveril Sixth Form College and Funding Bodies. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal 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 on-going 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 Barton Peveril Sixth Form 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 period 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 risk and control framework

The system of internal 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.

Barton Peveril Sixth Form College 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 Corporation on the recommendation of the audit committee. At minimum 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, the Principal has 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, the regularity auditors, the appointed funding auditors (for colleges subject to funding audit) in their management letters and other reports.

The Principal 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 auditor and risk committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Senior 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 Senior 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 Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its July 2016 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2016 by considering documentation from the senior leadership team and internal audit, and taking account of events since 31 July 2015.

Based on the advice of the Audit Committee and the Principal 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, it continues to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Corporation on 5th December 2016 and signed on its behalf by:

Signed…………………….	**Signed……………………………**
Professor Roger Brown **Chair**	**Jonathan Prest** **Accounting Officer**

Governing Body's statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding

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 financial memorandum 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 financial memorandum.

We confirm, on behalf of the Corporation, that after due enquiry, and to the best of our knowledge, we are 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 financial memorandum.

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.

Signed…………………….

Professor Roger Brown
Chair

Signed……………………………

Jonathan Prest
Accounting Officer

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the Financial Memorandum between the EFA and the Corporation of the College, the Corporation, through its Principal, 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 2015-16* issued jointly by the Skills Funding Agency and the EFA, 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 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 which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it in order 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.

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 EFA are used only in accordance with the Financial Memorandum with the EFA 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 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 Corporation on 5th December 2016 and signed on its behalf by:

Signed……………………………………….. Professor Roger Brown, Chair

Independent Auditor’s Report to the Corporation of Barton Peveril Sixth Form College

We have audited the financial statements of Barton Peveril Sixth Form College for the year ended 31 July 2016 which comprise the Consolidated Statement of Comprehensive Income, the Statement of Changes in Reserves, the Balance Sheet, the Cash Flow Statement and the related notes. 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), including FRS102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”.

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 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 College and the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Corporation and auditors

As explained more fully in the Statement of Responsibilities of the Member of the Corporation set out on page 26, the Corporation are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s (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 Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate .

Opinion on the 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;
- 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:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Richard Bott (Senior Statutory Auditor)

For and on behalf of Mazars LLP

5th Floor, Merck House,

Seldown Lane,

Poole,

Dorset,

BH15 1TW

Independent regularity report to the corporation of Barton Peveril Sixth Form College and Secretary of State for Education acting through Education Funding Agency.

In accordance with the terms of our engagement letter dated 14 March 2016 and further to the requirements of the funding agreement with Education Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by Barton Peveril Sixth Form College during the period 1st August 2015 to 31 July 2016 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which Education Funding Agency has other assurance arrangements in place.

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

Respective responsibilities of Barton Peveril Sixth Form College and the reporting accountant

The corporation of Barton Peveril Sixth Form College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Joint Audit Code of Practice. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1st August 2015 to 31 July 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency. We performed a limited assurance engagement as defined in that framework.

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

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

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

The work undertaken to draw to our conclusion includes:

- Reviewed the statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding.
- Reviewed the College's completed self-assessment questionnaire on regularity.
- Read the financial memorandum with the SFA/ funding agreement with the EFA.
- Tested a sample of expenditure disbursed and income received to consider whether they have been applied to purposes intended by Parliament and in accordance with funding agreements where relevant.
- Reviewed all payments to senior post holders on termination of employment or in respect of claims made in the year [if applicable]
- Reviewed approved policies and procedures operating during the year for each funding stream that has specific terms attached [if applicable]
- Obtained the policy for personal gifts and/or hospitality.
- Obtained the register of personal interests.
- Obtained the financial regulations/financial procedures.
- Obtained the College's whistleblowing policy.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1st August 2015 to 31 July 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Richard Bott (Senior Statutory Auditor)

For and on behalf of Mazars LLP

5th Floor, Merck House,

Seldown Lane,

Poole,

Dorset,

BH15 1TW

BARTON PEVERIL SIXTH FORM COLLEGE

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	*Year ended 31 July 2016* £	*Year ended 31 July 2015* £
Income			
Funding body grants	2	13,115,488	12,591,903
Tuition fees and education contracts	3	83,320	197,334
Other operating income	4	1,588,286	1,517,442
Investment income	5	6,285	5,446
Total income		**14,793,379**	**14,312,125**
Expenditure			
Staff costs	6	8,766,126	8,829,787
Fundamental restructuring costs	6	83,445	58,921
Other operating expenses	7	4,477,328	3,875,962
Depreciation	10	813,633	1,042,205
Interest and other finance costs	8	256,487	475,785
Total expenditure		**14,397,019**	**14,282,660**
Surplus before other gains and losses		**396,360**	**29,465**
Gain on disposal of assets		**110,712**	**0**
Surplus before tax		**507,072**	**29,465**
Taxation	9	0	0
Surplus for the year		**507,072**	**29,465**
Actuarial loss in respect of pension scheme	21	(1,160,000)	(260,000)
Total Comprehensive income for the year		**(652,928)**	**(230,535)**
Represented by:			
Restricted comprehensive income			
Unrestricted comprehensive income		(652,928)	(230,535)
		(652,928)	**(230,535)**

Surplus for the year attributable to:

Total Comprehensive Income for the year attributable to:

BARTON PEVERIL SIXTH FORM COLLEGE

COLLEGE STATEMENT OF CHANGES IN RESERVES

	Income and expenditure account	Revaluation reserve	Total
	£	£	£
Restated balance as at 1st August 2014	4,610,269	1,976,308	**6,586,577**
Surplus from income and expenditure account	29,465	0	**29,465**
Other comprehensive income	(260,000)	0	**(260,000)**
Transfers between revaluation and income and expenditure reserves	257,733	(257,733)	**0**
	27,198	(257,733)	**(230,535)**
Balance as at 31st July 2015	**4,637,467**	**1,718,575**	**6,356,042**
Surplus from income and expenditure account	507,072	**0**	**507,072**
Other comprehensive income	(1,160,000)	0	**(1,160,000)**
Transfers between revaluation and income and expenditure reserves	55,944	(55,944)	**0**
Total comprehensive income for the year	(596,984)	(55,944)	**(652,928)**
Balance as at 31st July 2016	**4,040,483**	**1,662,631**	**5,703,114**

BARTON PEVERIL SIXTH FORM COLLEGE

BALANCE SHEET AS AT 31 JULY

	Notes	*Year ended 31 July 2016* £	**Restated** *Year ended 31 July 2015* £
Non Current Assets			
Tangible assets	10	**21,303,556**	**20,045,861**
Current Assets			
Stock		34,192	31,717
Debtors	11	64,593	50,308
Cash and cash equivalents		2,061,054	1,633,522
Total current assets		**2,159,839**	**1,715,547**
Less:Creditors - amounts falling due within one year	12	(1,523,521)	(1,160,400)
Net current assets		**636,318**	**555,147**
Total assets less current liabilities		**21,939,874**	**20,601,008**
CREDITORS: Amounts falling due after more than one year	13	(12,026,761)	(11,384,967)
Provisions			
Net pension liability	15	(4,210,000)	(2,860,000)
Total net assets		**5,703,114**	**6,356,042**
Unrestricted Reserves			
Income and Expenditure account including pension reserve		4,040,483	4,637,467
Revaluation reserve		1,662,631	1,718,575
Total unrestricted reserves		**5,703,114**	**6,356,042**

The financial statements on pages 31 to 47 were approved and authorised for issue by the Corporation on 5th December 2016 and signed on its behalf on that date by:

Prof R Brown
Chair of Corporation

J Prest
Accounting Officer

BARTON PEVERIL SIXTH FORM COLLEGE

STATEMENT OF CASH FLOWS

	Year ended 31 July 2016 £	*Year ended 31 July 2015* £
Net cash inflow from operating activities		
Surplus for the year	507,072	29,465
Adjustments for non-cash items		
Depreciation	813,633	1,042,205
(Increase) in stock	(2,475)	(5,625)
(Increase)/decrease in debtors	(14,285)	21,086
Increase/(decrease) in creditors due within one year	274,371	(35,722)
(Decrease) in creditors due after one year	(229,267)	(12,891)
Increase/(decrease) in provisions	0	0
Pension cost less contributions payable	190,000	150,000
Adjustment for investing or financing activities		
Interest receivable	(6,285)	(5,446)
Interest payable	156,487	455,785
(Gain) on disposal of fixed assets	(110,712)	0
Net cash flow from operating activities	**1,578,539**	**1,638,857**
Cash flows from investing activities		
Proceeds from sale of fixed assets	260,000	0
Interest received	6,285	5,446
Payments to acquire tangible fixed assets	(2,220,616)	(3,378,491)
	(1,954,331)	**(3,373,045)**
Cash flows from financing activities		
Interest paid	(156,487)	(455,785)
New secured loans	1,137,311	3,002,000
Repayment of amounts borrowed	(177,500)	(311,150)
	803,324	**2,235,065**
Increase in cash and cash equivalents in the year	**427,532**	**500,877**
Cash and cash equivalents at beginning of the year	1,633,522	1,132,645
Cash and cash equivalents at end of the year	2,061,054	1,633,522
Increase in cash and cash equivalents in the year	**427,532**	**500,877**

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES

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 in Further and Higher Education 2015* (the 2015 FE HE SORP), the *College Accounts Direction for 2015-2016* and in in accordance with Financial Reporting Standard 102 - "*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*" (FRS 102). The College is a public benefit entity and has therefore applied the relevant public 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 Corporation 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 cashflows of the College is provided in note 24.

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 Account 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 the FRS 102 and 2015 FE HE SORP in the transition period. The following exemption has been taken in these financial statements:

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

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 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 £6,922m of loans outstanding with bankers on terms negotiated in 2015. The terms of the existing agreement are for another 20 years. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeble future.

Accordingly the College has a reasonable expectation that it has adequate resources to continue in operational existance 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 include funding body recurrent grants and other grants and 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 income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audit. 16-18 learner responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments.

Government capital grants are capitalised, held as deferred income and recognised in income over the 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 stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

All income from short term deposits is credited to the income and expenditure account in the period in which it is earned.

Accounting for post-employment 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 Second Pension.

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 qualified actuaries on the basis of valuations using a prospective benefit method. 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 an expense in the income statement in the periods during which services are rendered by. employees.

The LGPS is a funded scheme. The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of the staff costs incurred. Net interest on the net defined benefitliability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benfit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised on other gains and losses.

Actuarial gains and losses are recognised immediately on other gains and losses.

Short term Employment benefits

Short term employment benefits are recognised as an expense in the year in which the employees render service to the College.

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by a 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 in the year the member retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Non-current Assets - Tangible Fixed Assets

Land and buildings

Land and buildings inherited from the Local Education Authority on incorporation 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 account reserve on an annual 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 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 10 and 50 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 systematic 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.

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.

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

Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to the income in the period it is incurred, unless it increases the future benfits to the College, in which case it is capitalised and depreciated on the relevant basis:

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.

All assets are depreciated over their useful life to the College:

motor vehicles - 5 years on a straight-line basis
computer equipment - 3 years on a straight-line basis
other equipment - 5 years on a straight-line basis

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

Leased Assets

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

Inventories

Stocks are stated at the lower of their cost and net realisable value. Where necessary provision is made for obsolete slow moving and defective stocks.

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 the date of acquisition.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligation, 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 costs, however the College has calculated that the difference between the historical cost and the amortised cost basis is not material and so these financial instruments 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 Paragraph 1 Schedule 6 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 Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College receives no exemption in respect of Value Added Tax, for this reason the College is generally unable to recover input VAT it suffers on goods and services. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Provisions and contingent liabilities

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.

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 obligation cannot be measured reliably.

Agency Arrangements

The College acts as an agent in the collection and payment of Discretionary Support Funds and certain transport arrangements. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure account and are shown separately in note 23, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant. The College employs one member of staff dedicated to the administration of the Discretionary Support Fund applications and payments.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether leases entered into by the College either as a lessor or lessee are operating or financial 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 economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets

  Tangible fixed assets are depreciated over the 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 value.

- Local Government Pension Scheme

  The present value of the Local Government Pension Scheme defined 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 21 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 2013 has been used by the actuary in valuing the pensions at 31 July 2016. Any differences between the figures derived from the roll forward approach and full actuarial valuation would impact on the carrying amount of pension liability.

2. FUNDING BODY GRANTS

	Year ended 31 July 2016	*Year ended 31 July 2015*
	£	**£**
Recurrent grants		
Education Funding Agency	12,565,954	11,771,493
Skills Funding Agency	207,343	266,840
Specific grants		
Releases of government capital grants	211,858	329,974
Devolved capital grant	64,142	61,375
Free School Meals	27,741	34,656
Hign Needs Support via LA	38,450	127,565
	13,115,488	**12,591,903**

3. TUITION FEES AND EDUCATION CONTRACTS

	Year ended 31 July 2016	*Year ended 31 July 2015*
	£	**£**
Tuition Fees	45,750	104,179
Fees for FE loan supported courses	37,570	92,424
Education Contracts	0	731
	83,320	**197,334**

4. OTHER OPERATING INCOME

	Year ended 31 July 2016	*Year ended 31 July 2015*
	£	**£**
Lettings	19,427	20,638
Shop sales / sale of equipment and books	71,553	65,149
Fees and charges	718,196	685,736
Catering Income	505,990	533,573
Releases of other capital grants	7,250	
Other income	265,870	212,346
	1,588,286	**1,517,442**

5. INVESTMENT INCOME

	Year ended 31 July 2016	*Year ended 31 July 2015*
	£	**£**
Interest receivable	6,285	5,446
	6,285	**5,446**

6. STAFF COSTS

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

	Year ended 31 July 2016	*Year ended 31 July 2015*
Teaching Staff	132	133
Non Teaching Staff	85	85
	217	218

Staff costs for the above persons:	*Year ended 31 July 2016*	*Year ended 31 July 2015*
	£	**£**
Wages and salaries	6,945,286	7,053,233
Social security costs	527,589	463,175
Other pension costs (including FRS 102 Sec 28 adjustments 2016 -£90,000, 2015 -£130,000)	1,177,641	1,125,566
Payroll sub total	**8,650,516**	**8,641,974**
Contracted out staffing services	115,610	187,813
	8,766,126	**8,829,787**
Fundamental restructuring costs - contractual	83,445	58,921
Total Staff costs	**8,849,571**	**8,888,708**

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 Senior Leadership Team which comprises the Principal and four Assistant Principals.

Emoluments of Key Management Personnel, Accounting Officer and other higher paid staff

	31 July 2016	*31 July 2015*
Number of Key Management Personnel including the Accounting Officer was	5	6

The number of Key Management Personnel and other staff who received annual emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

	Key Management Personnel		**Other Staff**	
	2016	**2015**	**2016**	**2015**
	No.	**No.**	**No.**	**No.**
£60,001 to £70,000	0	2	0	0
£70,001 to £80,000	4	2	0	0
£90,001 to £100,000	0	1	0	0
£120,001 to £160,000	1	1	0	0
	5	6	0	0

	Year ended	*Year ended*
	31 July 2016	*31 July 2015*
	£	£
Salaries	377,275	446,778
Pension contributions	61,701	48,037
Total emoluments	438,976	494,815

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

	Year ended	*Year ended*
	31 July 2016	*31 July 2015*
	£	£
Salaries	125,533	120,297
Pension Contributions	20,688	14,331
Total emoluments	146,221	134,628

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

7. OTHER OPERATING EXPENSES

	Year ended	*Year ended*
	31 July 2016	*31 July 2015*
	£	£
Teaching costs	1,560,370	1,298,453
Non teaching costs	2,176,803	1,850,219
Premises costs	740,155	727,290
	4,477,328	**3,875,962**

Other operating costs include:

	Year ended	*Year ended*
	31 July 2016	*31 July 2015*
	£	£
Auditors' remuneration		
- Financial statements audit	12,500	11,000
- Internal audit	9,100	9,000
- Other services provided by Financial statements auditor	1,500	1,500
Operating leases	37,288	49,809

8. INTEREST PAYABLE AND OTHER FINANCE COSTS

	Year ended 31 July 2016 £	*Year ended 31 July 2015* £
On bank loans, overdrafts and other loans, repayable wholly or partly in more than five years.	156,487	455,785
Pension finance costs (note 21)	100,000	20,000
	256,487	**475,785**

9. TAXATION

The members do not believe the College was liable for any corporation tax arising out of its activities during this period as it it benefits from the general exemptions from Corporation Tax afforded by Section 505 Taxes Act 1988.

10. TANGIBLE FIXED ASSETS

	Buildings under construction £	**Freehold Land and Buildings** £	**Equipment** £	**Total** £
Cost or valuation				
At 1 August 2015	3,361,058	24,046,590	2,544,904	29,952,552
Additions	(2,984,289)	4,732,135	472,770	2,220,616
Disposals		(209,308)		(209,308)
At 31 July 2016	**376,769**	**28,569,417**	**3,017,674**	**31,963,860**
Depreciation				
At 1 August 2015	0	7,662,502	2,244,189	9,906,691
Charge for period	0	658,105	155,528	813,633
		(60,020)		(60,020)
At 31 July 2016	**0**	**8,260,587**	**2,399,717**	**10,660,304**
Net book value at 31 July 2016	**376,769**	**20,308,830**	**617,957**	**21,303,556**
Net book value at 31 July 2015	3,361,058	16,384,088	300,715	20,045,861

Land and buildings inherited from the LEA at incorporation have been valued by the College on a depreciated replacement cost basis in February 1993 by Edward Rushton Son & Kenyon a firm of independent surveyors.

Land and buildings with a net book value of £5,420,485 have been funded from exchequer funds, through the receipt of capital grants from the Funding Councils. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the Funding Councils, to surrender the proceeds.

If inherited land and buildings had not been valued they would have been included at the following amounts:

Cost	-
Aggregate depreciation based on cost	-
Net book value based on cost	-

11. DEBTORS

	31 July 2016 £	*31 July 2015* £
Amounts falling due within one year		
Trade receivables	16,225	21,827
Prepayments and other accrued income	48,368	28,481
Total	**64,593**	**50,308**

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 July 2016	*31 July 2015*
	£	**£**
Bank loans and overdrafts	355,000	266,250
Payments received in advance	164,080	155,746
Trade payables	67,334	27,170
Other taxation and social security	166,446	147,260
Other creditors	251,812	267,660
Accruals	303,496	91,119
Deferred capital grants	215,353	205,195
	1,523,521	**1,160,400**

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

	31 July 2016	*31 July 2015*
	£	**£**
Bank loans	6,567,480	5,696,419
Deferred capital grants	5,459,281	5,688,548
	12,026,761	**11,384,967**

14. MATURITY OF DEBT

	31 July 2016	*31 July 2015*
Bank loans and overdrafts	**£**	**£**
Bank loans and overdrafts are repayable as follows:		
In one year or less	355,000	266,250
Between one and two years	710,000	710,000
Between two and five years	1,065,000	1,065,000
In five years or more	4,792,480	3,921,419
Total	**6,922,480**	**5,962,669**

Bank loans totalling £6,922,480 repayable by instalments falling due between 1 August 2015 and 31 July 2035 are secured on a first legal mortgage over the College's premises. The interest rate charged on the loan is on a 3 month LIBOR basis, with the margin being 1.65% above daily LIBOR.

15. PROVISIONS

	Defined benefit obligations	**Restructuring**	**Other**	**Total**
	£	**£**	**£**	**£**
At 1 August 2015	2,860,000			**2,860,000**
Expenditure in the period	(310,000)			**(310,000)**
Additions in the period	1,660,000			**1,660,000**
At 31 July 2016	**4,210,000**	**0**	**0**	**4,210,000**

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension scheme.

Further details are given in note 21.

16. CASH AND CASH EQUIVALENTS

	1 August 2015	*Cash flows*	*31 July 2016*
	£	**£**	**£**
Cash and cash equivalents	1,633,522	427,532	2,061,054
	1,633,522	427,532	2,061,054

17. CAPITAL COMMITMENTS

As at the 31st July 2016 the College has capital commitments totalling £Nil (2015: £1,401,301) for the completion of the Science Block. No further costs were committed for building work refurbishments (2015: £276,803).

A total of £Nil (2015: £246,297) worth of orders raised in July 2016 for delivery in August 2016, these orders are authorised but not contracted for.

18. LEASE OBLIGATIONS

At 31 July 2016 the College had annual commitments under other non-cancellable operating leases as follows:

	Year ended 31 July 2016	***Year ended 31 July 2015*** (Re-stated)
Other	**£**	**£**
Expiring within one year	781	6,342
Expiring between two and five years inclusive	57,936	103,289
	58,717	**109,631**

19. CONTINGENT LIABILITIES

The College has no contingent liabilities.

20. POST BALANCE SHEET EVENTS

There have been no significant post balance sheet events.

21. DEFINED BENEFIT OBLIGATIONS

The College's employees belong to two principal post-employment benefit plans, 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 Hampshire County Council. Both are multi-employer defined-benefit plans.

Total pension cost for the year

	Year ended 31 July 2016	***Year ended 31 July 2015***
	£	**£**
Teachers Pension Scheme:contributions paid	785,655	692,864
Local Government Pension Scheme:		
Contributions paid	301,093	302,702
FRS 102 (28) charge	90,000	130,000
Total Pension Cost for Year within staff costs	**1,176,748**	**1,125,566**

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuations of the TPS was 31 March 2012 and the LGPS 31 March 2013.

Contributions amounting to £135,030 (2015 - £129,940) were payable to the scheme at 31 July and are included in other creditors.

Teachers' Pension Scheme

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 education establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers and lecturers from 1st 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 contibute on a 'pay-as-you-go' basis - these contibutions, 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 cost of pension increases). From 1st 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 (Valuation and Employer Cost Cap) Directions 2014. The valuation report was published by the Department of Education (the Department) on 9 June 2014. The key results of the valuation are:

- New employer contribution rates were set at 16.48% of pensionable pay (including administration fees of 0.08%);
- Total scheme liabilities for service to 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.

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 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 TPA 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 commenced on 1 April 2015.

The pension costs paid to TPS in the year amounted to £785,655 (2015: £692,864)

FRS 102 (28)

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

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.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate funds administered by Hampshire County Council. The total contribution made for the year ended 31 July 2016 was £402,450 of which employers contributions totalled £301,093 and employees contributions totalled £101,357.

The agreed contribution rates for future years are 13.1% with a fixed payment of £92,200 per annum for employers and a range from 5.5% to 8.5% for employees, depending on salary.

Principal Actuarial Assumptions

	as at 31 July 2016	as at 31 July 2015
RPI Inflation	2.9%	3.2%
CPI Inflation	1.8%	2.1%
Rate of increase in salaries	3.3%	3.6%
Future pensions increases	1.8%	2.1%
Discount Rate for scheme liabilities	2.4%	3.6%

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

	as at 31 July 2016	as at 31 July 2015
Retiring today/current pensioners		
Males	24.6	24.5
Females	26.4	26.3
Retiring in 20 years/future pensioners		
Males	26.7	26.6
Females	28.7	28.6

The College's share of the assets in the plan at the balance sheet date and the expected rates of return were:

	Long-term rate of return expected at 31 July 2016	**Fair Value at 31 July 2016**	**Long-term rate of return expected at 31 July 2015**	**Fair Value at 31 July 2015**
Equity instruments	7.5%	3,481,380	7.5%	2,995,750
Debt instruments	3.2%	1,725,340	3.2%	1,432,750
Property	6.8%	454,360	6.8%	427,220
Cash	7.5%	478,920	7.5%	354,280
Total fair value of plan assets		**6,140,000**		**5,210,000**
Weighted average expected long term rate of return	**2.4%**		**3.6%**	
Actual return on plan assets		£680,000		£510,000

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

	Year ended 31 July 2016 £	***Year ended 31 July 2015 £***
Fair value of plan assets	6,140,000	5,210,000
Present value of plan liabilities	(10,350,000)	(8,070,000)
Net pensions (liability)/asset (Note 15)	**(4,210,000)**	**(2,860,000)**

Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows:

	Year ended 31 July 2016 £	***Year ended 31 July 2015 £***
Amounts included in staff costs		
Current Service cost	390,000	360,000
Past service cost	10,000	20,000
Total	**400,000**	**380,000**

Amounts included in investment income

Net interest income	(100,000)	(90,000)
	(100,000)	**(90,000)**

Amount recognised in statement of other comprehensive income

Return on pension plan assets	490,000	320,000
Losses arising on defined benefit obligations	(1,650,000)	(580,000)
Amount recognised in other comprehensive income	**(1,160,000)**	**(260,000)**

Movement in net defined benefit (liability)/asset during the year

Net defined benefit (liability)/asset in scheme at 1 August	(2,860,000)	(2,450,000)
Movement in year:		
Current service charge	(390,000)	(360,000)
Employer contributions	310,000	320,000
Past service cost	(10,000)	(20,000)
Net interest on the defined (liability)/asset	(100,000)	(90,000)
Actuarial gain or loss	(1,160,000)	(260,000)
Net defined benefit (liability)/asset in scheme at 31 July	**(4,210,000)**	**(2,860,000)**

Asset and Liability Reconciliation

Changes in the present value of defined benefit obligations

	31 July 2016	***31 July 2015***
	£	**£**
Defined benefit obligations at the start of period	8,070,000	6,890,000
Current Service Cost	390,000	360,000
Interest Cost	290,000	280,000
Contributions by scheme participants	100,000	110,000
Experience gains and losses on defined benefit obligations	1,650,000	580,000
Estimated benefits paid	(160,000)	(170,000)
Past Service Cost	10,000	20,000
Defined benefit obligations at the end of period	**10,350,000**	**8,070,000**

Changes in fair value of plan assets

	31 July 2016	***31 July 2015***
	£	**£**
Fair value of plan assets at start of period	5,210,000	4,440,000
Interest on plan assets	190,000	190,000
Return on plan assets	490,000	320,000
Employer contributions	310,000	320,000
Contributions by scheme participants	100,000	110,000
Estimated benefits paid	(160,000)	(170,000)
Fair value of plan assets at end of period	**6,140,000**	**5,210,000**

22. 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 may take place with organisations in which a member of the Corporation may have an interest. All transactions involving organisations in which the member of the Corporation may have an interest are conducted in accordance with the College's financial regulations and normal procurement procedures.

Expenses totalling £338.75 were paid to Governors to cover travel costs to training/conference events during the year. (2015: nil).

No Governor has received any remuneration or waived payments from the College during the year (2015: None).

Transactions with the LSC and its successor organisations are detailed in note 2.

23. AMOUNTS DISPURSED AS AGENT

Discretionary Support Funds	*Year ended 31 July 2016* £	*Year ended 31 July 2015* £
EFA and SFA grants - hardship funds	208,133	209,395
Disbursed to Students	198,165	184,064
Administration Costs	9,950	10,290
Balance unspent as at 31 July	**18**	**15,041**

Funding Council 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.

24. 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 the 2015 FE HE SORP was therefore 1 August 2014. As a consequence of adopting FRS 102 and the FE HE SORP, a number of accounting policies have changed to comply with those standards.

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 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. Teaching and term time only non-teaching staff may only take their holidays during the official College breaks. Full time non-teaching staff may apply for leave at any time meaning that at the reporting date there was unused leave for these staff. In addition staff are entitled to carry forward up to 5 days of any unused holiday entitlement at the end of the leave year. Following a re-measurement exercise in 2015/16 such an accrual was deemed not to be material and no charge has been included in the Comprehensive Income for the year ended 31st July 2016.

b) Change in recognition of defined benefit plan finance costs

The net pension 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 yeild 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 the actuarial losses pesented 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 previuosly 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.