

PETER SYMONDS COLLEGE

ANNUAL REPORT

**FOR THE YEAR ENDED 31 JULY 2015**

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## **Operating and Financial Review**

### **Nature, Objectives and Strategies:**

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

### **Legal status**

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Peter Symonds College. The College is an exempt charity for the purposes of the Charities Act 2011 and is not liable to corporation tax.

### **Public Benefit**

Peter Symonds College is an exempt charity under Part 3 of the Charities Act 2011 and from 1<sup>st</sup> 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 page 12.

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.

### **Mission and Vision**

Governors reviewed the College's mission during 2013/4 and in June 2014 adopted a revised vision statement as below:

### **Vision: 'Counting in Ones'**

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'Counting in Ones' is our motto and is the key principle which guides everything we do. Each student is an individual with their own distinctive personal needs. We aim to work in the best interests of each individual, helping them to fulfil their potential and realise their aspirations. High expectations are at the heart of our vision for the College and all of its students and staff

We aim to promote and support high achievement, providing an environment in which learners can grow in confidence and independence, and develop the knowledge, skills and aptitudes needed to progress to higher education or employment

We seek to develop well-rounded, open-minded individuals with ambitious goals and a sense of social responsibility towards the local, national and international communities of which they are a part. As a large college we are able to offer a wide range of both curricular and extra-curricular opportunities, enabling students to broaden their horizons and try new experiences.

Our reputation as a popular and highly successful sixth form college is well established. We aim to be leaders in the sector in promoting, developing and sharing high quality, innovative teaching and learning and highly effective student guidance and support.

## **The Strategic Aims and Objectives**

The College has decided on the objectives set out in this plan following consultation with staff, consideration of detailed needs analysis, and self-assessment. The plan, where appropriate, takes account of national and local priorities.

### **1. Achievement**

**Strategic Aim:**

To raise achievement so that all learners do their very best in relation to their learning goals, prior attainment and potential

**Strategic Objectives:**

- 1.1 To maintain high expectations and outstanding outcomes
- 1.2 To prepare learners for higher education, the workplace and life in wider society

### **2. Teaching Learning and Assessment**

**Strategic Aim:**

To enhance learning and achievement through inspirational teaching and rigorous assessment

**Strategic Objectives:**

- 2.1 To improve continuously the quality of teaching and learning.
- 2.2 To promote and support learning inside and outside the classroom using all available resources
- 2.3 To encourage innovation and the sharing of good practice
- 2.4 To make good use of initial and formative assessment
- 2.5 To ensure assessment is regular, rigorous and fair, setting high expectations and aspirational targets

### **3. Resources**

**Strategic Aim:**

To ensure physical resources and staffing support successful teaching and learning

**Strategic Objectives:**

- 3.1 To recruit and retain high calibre staff
- 3.2 To invest in continuous high quality staff development
- 3.3 To make best use of accommodation and plan effectively for the future development
- 3.4 To maintain and improve our equipment to meet the needs of the curriculum, and support services
- 3.5 To monitor and improve access for students with disabilities
- 3.6 To procure, deploy and dispose of resources with due regard for sustainability and environmental issues

#### 4. The Curriculum

**Strategic Aim:**

To provide a broad and balanced curriculum which matches learners' needs, aspirations and potential

**Strategic Objectives:**

- 4.1 To identify and respond to the individual learning needs of students within the 'travel to college' area.
- 4.2 To collaborate with other providers and agencies for the benefit of learners
- 4.3 To maintain a broad programme of enrichment activities
- 4.4 To plan effectively for curriculum change

#### 5. Guidance and Support

**Strategic Aim:**

To provide learners with support and guidance to safeguard welfare and to monitor and promote personal development and achievement

**Strategic Objectives:**

- 5.1 To develop the quality of information and advice for individual students, including careers education and guidance
- 5.2 To liaise with partner schools to provide additional specialist support for students with learning difficulties and disabilities.
- 5.3 To maintain outstanding boarding provision
- 5.4 To monitor progress and report regularly to learners, parents and, where appropriate, employers

#### 6. External Environment

**Strategic Aim:**

To respond to external threats and opportunities to maintain the College's stability and core values

**Strategic Objectives:**

- 6.1 To anticipate, influence and respond to relevant government policy
- 6.2 To implement an effective risk management policy
- 6.3 To collaborate with external agencies to the benefit of the college and its community
- 6.4 To market the college effectively, making the most of opportunities to celebrate and publicise successes and achievements

## 7. Leadership and Management

### **Strategic Aim:**

To provide clear leadership, governance and sound management to ensure all learners succeed

### **Strategic Objectives:**

- 7.1 To promote a college-wide culture of reflective practice and continuous improvement
- 7.2 To review college performance building on strengths and responding to weaknesses appropriately
- 7.3 To plan and manage student numbers, recognising the constraints of accommodation and staffing.
- 7.4 To lead and motivate staff to fulfil the strategic objectives of the college
- 7.5 To ensure that communication and consultation with staff is clear and open
- 7.6 To ensure equality of opportunity for staff and students, challenging discrimination and fostering good relations
- 7.7 To optimise college income from a variety of sources whilst ensuring that the college conducts its affairs with probity and due regard to public accountability and the financial health of the college
- 7.8 To ensure that the college conducts its affairs with due regard to its legal framework, including Health and Safety and the safeguarding of its learners
- 7.9 To improve college information systems to support staff and students
- 7.10 To provide sound governance.

## **Performance indicators**

Targets in the annual operational plan serve as performance indicators. These cover:

- Learner Numbers
- Set Sizes
- Success Rates
- Value Added
- Attendance

**FINANCIAL POSITION**

**Financial results**

The College generated an operating surplus in the year of £266,250 (2013/14 surplus £252,302). The College has accumulated general reserves of £4,994,518 including pension reserve (2013/14: £5,136,498), and cash and short term deposit balances of £5,021,144 (2013/14: £4,067,404).

The operating surplus and cash reserves are intended to mitigate the impact of future funding cuts and the removal of formula protection from 2016/17.

**Treasury Management**

The College operates an Investment policy reviewed annually to ensure that surplus funds are invested to obtain a competitive rate of interest, but at the minimum risk to Capital.

**Cash Flows and Liquidity**

Cash inflow from operating activities was £777,605 (2013/14 £559,380) and this resulted, after significant capital expenditure, in net funds of £3,046,791 (2013/14 £2,870,782).

**CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE**

**Funded Student Numbers 2014-2015**

	<b>Plan</b>
<b>Learner Responsive 16-18</b>	<b>3672</b>

**Funding Allocated 2014- 2015**

	<b>Plan</b>
Learner Responsive 16-18	£14,800,524
Adult Skills Budget	£439,366
Adult Safeguarded Learning	£ 21,092
24+ loans	£292,444
<i>Total Adult Funding</i>	<i>£752,902</i>
<b>Total Funding</b>	<b>£15,534,426</b>

**Students' Achievements 2014-5**

**Figure One: 16-18 students – long courses (except where stated otherwise) 2014-15**

	<b>Starts</b>	<b>Success Rate (%)</b>	<b>National Rate (SFCs)</b>	<b>+/-</b>
<b>A level</b>	6,381	96	95	+1
<b>AS level</b>	7,482	89	82	+7
<b>GCSE</b>	243	90	88	+2
<b>Level 1</b>	148	85	87	-2
<b>Level 2</b>	482	84	87	-3
<b>Level 3</b>	14,496	92	86	+6
<b>All Long</b>	15,261	91	87	+4
<b>Short 0-24 weeks</b>	125	91	90	+1

**Figure Two: 19+ students – long courses (except where stated otherwise) 2014-15**

	<b>Starts</b>	<b>Success Rate (%)</b>	<b>National Rate (SFCs)</b>	<b>+/-</b>
<b>Level 1</b>	91	67	74	-7
<b>Level 2</b>	164	77	77	0
<b>Level 3</b>	207	79	80	-1
<b>All Long</b>	470	76	77	-1
<b>Short 0-24 weeks</b>	211	90	91	-1

*Please note that the above figures were drawn from achievement data available to the college by 30-09-15. Some outcomes are not yet known, so these figures represent the minimum levels that will be attained in 2014-15.*

## **Curriculum Developments**

### **A Level Reform**

The first phase of A level reform is currently being implemented, with new specifications in 13 subject areas. We continue to plan for changes to a further 8 subject areas from September 2016 and the remainder from 2017. There remains some doubt over whether some subjects will continue to be offered as A levels, and we have already made changes to BTEC programmes in Music Technology and Performing Arts where A level specifications have been withdrawn.

### **Higher Education Programmes**

The College has a growing number of HE programmes validated through Middlesex University and the University of Chichester. These include counselling, sport, early years, teaching & learning, management, business. Full BA honours programmes were written by the AHED staff and successfully validated by the University of Chichester and a full BA Hons Business programme received approval for delivery at AHED. There was a Quality Assurance Agency review of the HE provision in June 2015 which judged that the academic standards of the awards it offers, the quality and enhancement of its student learning opportunities and the quality of the information about learning opportunities meet UK expectations. There was only one recommendation regarding a Higher National Diploma course which has been replaced with a university degree award which it is felt meets the needs of employers and students more effectively.

### **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 per cent. During the accounting period 1 August 2014 to 31 July 2015, the College paid 95 per cent of its invoices within 30 days of the invoice date. The College incurred no interest charges in respect of late payment for this period.

### **PRINCIPAL RISKS AND UNCERTAINTIES:**

The risk register and associated action plans are reviewed and updated at each meeting of the risk management group. Currently, the College is on version 11 of the register, indicating the large number of revisions made. A new style register was introduced in 2012. This register incorporates an action plan and risks are aligned with the college's strategic objectives. Risks are also mapped to governing body committees and following recommendations from our external auditors we have adopted a 'three lines of defence' approach to assessing key risks.

### **Introduction and context**

1. The College's Risk Management Policy was approved by the Board in July 2002. It was reviewed and amended in July 2004 to make the Board's overall approach to risk more explicit and to clarify the role of the audit committee. The policy was reviewed again in June 2006, June 2008, June 2010, June 2011 and June 2012. The policy documents include the risk management structure, roles and responsibilities, the Risk register, and the associated Action Plan and an annual Implementation Timetable.
2. The chair of Audit Committee attends the Risk Management Group meetings. In addition, all members of the Board receive all paperwork relating to Risk Management Group meetings, including the updated Risk register and Action Plan.
3. Internal Audit plans are based on risks identified in the Risk register. Internal audit examined risk management procedures and judged that they were robust and operating in practice.

## Process

4. The Risk Management Group meets regularly. Its key tasks are:
  - Reviewing the risk register, identifying and scoring actual and potential risks to the College
  - Updating the action plan for those risks which score highly
  - Reviewing the implementation of the action plan
  - Reporting on progress to the Audit Committee and updating the full board through the standing agenda item.
  - Raising staff awareness and consulting staff
  - Updating the risk register in line with strategic objectives
  - Carry out an annual assurance mapping exercise at the highest level of risk

## Summary of Key Risks

The full detail and assessment of risks faced by the college are in the college's Risk Register. This is a confidential document. Outlined below is a description of the main areas where the college has identified principal risks that may affect the college. Not all factors are within the college's control. Other factors besides those listed below may also adversely affect the college.

- Changes in funding, and increases in costs associated with employer costs;
- Changes in national government policy; its impact on the curriculum and competition;
- Lack of capital funding

These risks are mitigated in a number of ways:

- By regular review and updating of the Risk Action Plan;
- Management planning days to review measures to improve efficiency;
- The development of an accommodation/property strategy that ensures facilities are fit for purpose.

## STAKEHOLDER RELATIONSHIPS

In line with other colleges and with universities, Peter Symonds College has many stakeholders. These include:

- Students;
- Funding Councils;
- Staff;
- Local employers (with specific links);
- Local Authorities;
- Government Offices;
- The local community;
- Other FE and HE institutions;
- Trade unions;
- Professional bodies;
- Trustees of Christes Hospital.

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

## **Equality and Diversity**

Peter Symonds College is committed to creating an inclusive college, where people are treated with dignity and respect and where we anticipate and respond positively to different needs and circumstances so that everyone can achieve their potential.

Equality and Diversity is crucial to overall quality improvement and we place it at the very heart of everything we do. The College promotes and advances equality of opportunity by raising awareness of equality and human rights and working to combat all forms of inequality, disadvantage, prejudice, unfair discrimination, harassment and mistreatment. We believe that all forms of prejudice and unfair discrimination are unacceptable and we are committed to creating a safe environment for all.

The college motto is “Counting in Ones” and illustrates our commitment to promoting and ensuring equality and diversity for all staff and students.

The 2010 Equality Act consolidates and brings together previous anti-discrimination law into one piece of legislation and establishes nine ‘protected characteristics’: race, gender, disability, age, sexual orientation, religion or belief, pregnancy and maternity, marriage and civil partnership, and gender-reassignment.

The College is fully committed to:

- Preventing unlawful discrimination, harassment and victimisation
- Advancing equality of opportunity
- Fostering good relations between people

Furthermore, as a public body the college recognises its further specific duties to publish:

- Information to demonstrate the compliance with the equality duty by 31 January each year.
- One or more equality objectives, which are reviewed and updated at least every four years.

Further information can be found on the college website <http://www.psc.ac.uk/reports/eo/>

## **Disclosure of information to auditors**

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

**Approved by order of the members of the Corporation and signed on its behalf by:**

**C. Scott [Chair]**

**Date 14<sup>th</sup> December 2015**

**PROFESSIONAL ADVISERS**

Financial Statement & Regularity Auditors	RSM UK Audit LLP Davidson House Forbury Square Reading Berkshire RG31 3EU
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Internal Auditors	Mazars LLP 8 New Fields 2 Stinsford Road Nuffield Poole Dorset BH17 ONF
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Bankers	Lloyds TSB 49 High Street Winchester Hampshire SO23 9BU
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Solicitors	Blake Morgan Tollgate Chandler's Ford Eastleigh SO53 3LG
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PETER SYMONDS COLLEGE

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The members who served the corporation during the academic year 2014/15 and up to the date of signing this report are:

Name and attendance At Corporation meetings		Date of Appointment	Status	Committees
Mr C Scott	100%	23 03 15*	Chairman of Governors From 23 03 15	Policy & Resources Search & Governance Remuneration
Mr A Benfield	100%	10 02 14	Student Governor Tem ended 10 02 15	
Mrs P Billington	85%	15 05 13*		Chair of Personnel Policy & Resources Remuneration
Mrs E Bolton	100%	14 07 14*	Stepped down 6 02 15	Chair of Search & Governance (to 6/2/15) Policy and Resources Personnel
Mrs R Brockman	66%	07 07 14*	Foundation Governor	Personnel Search & Governance
Mr S J Carville	100%		Principal-ex officio	
Mr A Chavda	100%	06 07 15	Student Governor	
Mr J Cripps	50%	06 02 15	Student Governor	
Mr C Edwards	85%	08 10 12		Member of Academic Board
Miss L Evans	85%	07 02 11	Parent Governor	Estates Curriculum & QA Remuneration (from 23/3/15) Personnel
Mrs G Gardiner	85%	07 07 14*	Staff Governor	Estates Search & Governance (from 23/3/15) Curriculum & QA (from 23/3/15) Personnel (from 23/3/15)
Mr G Hooper	100%	06 02 15	Staff Governor	Personnel (from 23/3/15) Policy & resources
Mr S Kelly	75%	26 03 15	Chairman of Governors To 23 03 15 when stepped down as a governor	Estates Search & Governance Remuneration
Mrs D Kennedy	100%	31 03 14	Parent Governor	Curriculum & QA Audit
Mr N Measham	100%	6 10 14	Foundation Governor	Chair of Audit from 23 03 15 Estates
Mr C Perdomo	50%	19 05 14	Student Governor Term ended 19 05 15	
Miss A Palmer	85%	31 10 14*		Curriculum & QA Personnel (from 23 03 15)
Rev. Canon R Riem	100%	04 12 13*	Foundation Governor	Chair of Curriculum & QA Audit (until 23 03 15) Policy &Resources (from 23 03 15) Chair of Audit (until 23 03 15)
Mr T Rogerson	66%	05 10 12*	Vice-Chairman from 23 03 15	Chair of Search &Governance(from 23 03 15) Chair of Policy & Resouces (from 23 03 15) Remuneration
Mrs A Storey	85%	12 07 13*		Chair of Estates Curriculum &QA Policy & Resources
Mr M Thomas	50%	21 05 12	Stepped down 15 12 14	Curriculum & QA Personnel
Mrs T Thorne	100%	18 05 15		Audit
Mrs J West	100%	13 12 10	Staff Governor (term ended on 13 12 15)	Search & Governance Curriculum & QA

\*indicates that the Governor has served a previous term of office. The date shown is the beginning of the current term. All terms of office are usually for four years, other than for a Student Governor whose term is for one year.

C Scott ( Chair)

14<sup>th</sup> Dec 2015

Clerk to the Governors, Mrs H Walsh.

### **Corporate Governance Statement incorporating Statement of 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.

The College endeavours to conduct its business:

- i) in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership): and
- ii) having due regard to the UK Corporate Governance Code ("the Code") insofar as it is applicable to the further education sector

The College is committed to exhibiting best practice in all aspects of corporate governance. We have not adopted the Code of Good Governance for English Colleges. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the Code we consider to be relevant to the further education sector and best practice. 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 composition of the Corporation is set out on page 12. 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 five times a year.

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 Policy & Resources, Curriculum & Quality Assurance, Estates, Personnel, Remuneration, Search & Governance, and Audit. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from: Freedom of Information Officer, Peter Symonds College, Owens Road, Winchester, SO22 6RX.

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 Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

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

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

The Clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is available for inspection at the College.

There is a clear division of responsibility in that the roles of the Chair of the Corporation and Principal of the College are separate.

Governors also are involved in the appointment of staff, in the Self Assessment Review of all teaching departments, in discussion with representatives of the student body periodically, and in review of specific responsibilities such as Health and Safety.

### **Appointments to the Corporation**

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search committee 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, other than for the Student Governor whose term is for one year.

### **Remuneration Committee**

Throughout the year ending 31 July 2015, the College's Remuneration Committee comprised five members of the Corporation.

The College's Remuneration Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other senior post-holders.

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

### **Audit Committee**

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

The Audit Committee meets on a termly basis 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 monitor 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 and financial statements auditors and their remuneration for both audit and non-audit work.

### **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 the College and the funding bodies. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of college policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the College for the year ended 31 July 2015 and up to the date of approval of the annual report and accounts.

### **Capacity to Handle Risk**

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2015 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

### **The 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.

The internal auditors of the College are Mazars LLP and they operate in accordance with the requirements of the EFA and SFA's Joint Audit Code of Practice. The work of Internal Audit 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 a minimum, annually, the internal auditors provide the governing body with a report on internal audit activity in the College. The report includes the internal auditors 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. The Principal's review of the effectiveness of the system of internal control is informed by:

- \* the work of the internal auditors;
- \* the work of executive managers within the College who have responsibility for the development and maintenance of the internal control framework;
- \* comments made by the College's financial statements auditors and the regularity auditors 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 a plan to address any weaknesses and ensure continuous improvement of the system is in place.

The senior management 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 management 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 management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its meeting today, the Corporation reviewed the effectiveness of the system of internal control for the year ended 31 July 2015 by considering documentation from the senior management 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 safeguarding of their assets".

### **The Corporation's statement on regularity, propriety and compliance**

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

We confirm, on behalf of the Corporation, that **to the best of its knowledge**, the Corporation believes it is able to identify any material irregular or improper use of funds by the college, or material non-compliance with the Education Funding Agency's terms and conditions of funding under the college's funding agreement. We further confirm that any instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the Education Funding Agency.

### **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 14th Dec 2015 and signed on its behalf by:

C Scott (Chair)

S J Carville(Principal)

## **STATEMENT OF THE RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION**

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

Within the terms and conditions of the Funding Agreement agreed between the Education Funding Agency 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 2007 Statement of Recommended Practice - Accounting for Further and Higher Education Institutions and with the Accounts Direction issued jointly by the Skills Funding Agency and the Education Funding Agency, and which give a true and fair view of the state of affairs of the College and the result for that year.

In preparing the financial statements the Corporation is required to:

- \* select suitable accounting policies and then apply them consistently;
- \* make judgements and estimates that are reasonable and prudent;
- \* state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- \* 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 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 Skills Funding Agency/EFA are used only in accordance with the financial memorandum with the Education Funding Agency and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing 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 by the Skills Funding Agency/EFA are not put at risk.

Approved by order of the members of the Corporation and signed on its behalf by

C Scott (Chair)

14th December 2015

## **INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF PETER SYMONDS COLLEGE**

We have audited the College financial statements ("the financial statements") set out on pages 19 to 42. The financial reporting framework that has been applied in their preparation is United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) as set out in our engagement letter dated 1 April 2014.

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education Funding Agency and our engagement letter dated 1 April 2014. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are required under our engagement letter dated 1 April 2014 to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective Responsibilities of the Corporation of Peter Symonds College and Auditor**

As explained more fully in the Statement of the Corporation's Responsibilities set out on pages 13 to 17, the Corporation is responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with the terms of our engagement letter dated 1 April 2014, Joint Audit Code of Practice issued by the Skills Funding Agency and Education Funding Agency and International Standards on Auditing (UK and Ireland). The International Standards on Auditing (UK and Ireland) 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 website at <http://www.frc.org.uk/auditscopeukprivate>

### **Opinion on financial statements**

In our opinion the financial statements:

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

### **Matters on which we are required to report by exception**

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

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

RSM UK AUDIT LLP - Formerly Baker Tilly UK Audit LLP  
Chartered Accountants  
Davidson House  
Forbury Square  
Reading  
RG31 3EU

17<sup>th</sup> December 2015

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 JULY 2015

	Notes	2015	2014
		£	£
<b>Income</b>			
Funding Body Grants	2	16,478,939	16,460,727
Tuition Fees and Education Contracts	3	1,285,470	1,078,026
Other Income	4	3,288,223	3,255,526
Investment Income	5	18,027	19,835
<b>Total Income</b>		<b><u>21,070,659</u></b>	<b><u>20,814,114</u></b>
<b>Expenditure</b>			
Staff Costs	6	13,580,600	13,607,616
Other Operating Expenses	8	6,323,314	6,100,256
Depreciation	11	859,557	801,768
Interest and other finance costs	9	40,938	52,172
<b>Total Expenditure</b>		<b><u>20,804,409</u></b>	<b><u>20,561,812</u></b>
<b>Surplus on continuing operations after depreciation of assets at valuation and tax</b>		<b><u>266,250</u></b>	<b><u>252,302</u></b>
Profit on Disposal of Assets		0	0
<b>Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax</b>		<b><u>266,250</u></b>	<b><u>252,302</u></b>

The Income and Expenditure Account has been prepared on the basis that all operations are continuing.

NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS  
**FOR THE YEAR ENDED 31 JULY 2015**

	Notes	2015	2014
		£	£
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax		266,250	252,302
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	18	113,196	113,196
<b>Historical cost Surplus for the year after taxation</b>		<b><u>379,446</u></b>	<b><u>365,498</u></b>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
**FOR THE YEAR ENDED 31 JULY 2015**

	2015	2014
	£	£
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax	266,250	252,302
Actuarial (loss) in respect of pension scheme	(520,000)	(40,000)
Total recognised (Loss)/Gains relating to the period	<u>(253,750)</u>	<u>212,302</u>
<b>Reconciliation</b>		
Opening reserves	7,332,459	7,120,157
Total recognised (Loss)/Gains for the year	(253,750)	212,302
Closing reserves	<u>7,078,709</u>	<u>7,332,459</u>

PETER SYMONDS COLLEGE

BALANCE SHEET AS AT 31 JULY 2015

	Notes	2015 £	2014 £
<b>Fixed assets</b>			
Tangible assets	11	19,174,470	18,195,369
Investments	12	54,899	59,444
		<b><u>19,229,369</u></b>	<b><u>18,254,813</u></b>
<b>Current assets</b>			
Stock		54,852	52,518
Debtors	13	269,877	291,520
Short term deposits		1,011,611	1,006,822
Cash at bank and in hand		4,009,533	3,060,582
		<b><u>5,345,873</u></b>	<b><u>4,411,442</u></b>
<b>Creditors: amounts falling due within one year</b>	14	2,458,561	2,574,227
<b>Net current assets</b>		<b><u>2,887,312</u></b>	<b><u>1,837,215</u></b>
<b>Total assets less current liabilities</b>		<b>22,116,681</b>	<b>20,092,028</b>
<b>Creditors: amounts falling due after more than one year</b>	15	1,639,898	954,935
<b>Net assets excluding pension liability</b>		<b><u>20,476,783</u></b>	<b><u>19,137,093</u></b>
Net pension liability	20	(4,416,031)	(3,776,353)
<b>Net assets including pension liability</b>		<b><u>16,060,752</u></b>	<b><u>15,360,740</u></b>
<b>Deferred capital grants</b>	17	8,982,043	8,028,281
<b>Reserves</b>			
General reserve excluding pension reserve	19	9,410,549	8,912,851
Pension reserve		(4,416,031)	(3,776,353)
General reserve including pension reserve		<u>4,994,518</u>	<u>5,136,498</u>
Restricted reserve	19	61,233	59,807
Revaluation reserve	18	2,022,958	2,136,154
<b>Total reserves</b>		<b><u>7,078,709</u></b>	<b><u>7,332,459</u></b>
		<b><u>16,060,752</u></b>	<b><u>15,360,740</u></b>

The financial statements on pages 19 to 42 were approved and authorised for issue by the Corporation on 14th December 2015 and were signed on its behalf by:

C Scott(Chair) 14th December 2015

S J Carville(Principal) 14th December 2015

**FOR THE YEAR ENDED 31 JULY 2015**

CASH FLOW STATEMENT

	Notes	2015 £	2014 £
<b>Cash inflow from operating activities</b>	21	<b><u>777,605</u></b>	<b><u>559,380</u></b>
<b>Returns on investments and servicing of finance</b>			
Interest received		18,027	19,835
Interest payable		(10,274)	(11,504)
<b>Net cash inflow from returns on investments and servicing of finance</b>		<b><u>7,753</u></b>	<b><u>8,331</u></b>
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(1,838,658)	(1,596,841)
Deferred capital Grant received		1,229,328	1,500,000
<b>Net cash (outflow) from capital expenditure and financial investment</b>		<b><u>(609,330)</u></b>	<b><u>(96,841)</u></b>
<b>Management of liquid resources</b>			
Drawing /(Placing)of short term deposits		(4,789)	1,027,947
<b>Net cash (Outflow)/Inflow from management of liquid resources</b>		<b><u>(4,789)</u></b>	<b><u>1,027,947</u></b>
<b>Financing</b>			
Repayments of amounts borrowed		(125,628)	(125,549)
New Loan from Falkland Islands Government		903,340	0
<b>Net cash Inflow/(outflow)from financing</b>		<b><u>777,712</u></b>	<b><u>(125,549)</u></b>
<b>Increase in cash in the year</b>		<b><u>948,951</u></b>	<b><u>1,373,268</u></b>
In this statement negative figures refer to cash outflows and other figures are cash inflows to the College.			
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase in cash in the year		948,951	1,373,268
Decrease in debt		125,628	125,549
Decrease/(Increase) in liquid resources		4,789	(1,027,947)
Change in net funds resulting from cash flows		1,079,368	470,870
Other non-cash items:			
Off-set against boarding fees		(903,359)	73,800
Movement in net funds in year		176,009	544,670
Net Funds at 1 August	22	2,870,782	2,326,112
<b>Net Funds at 31 July</b>	22	<b><u>3,046,791</u></b>	<b><u>2,870,782</u></b>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JULY 2015

#### 1 ACCOUNTING POLICIES

##### **Statement of principal accounting policies**

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

##### **Basis of Preparation**

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable Accounting Standards. They conform to guidance published jointly by the Skills Funding Agency (SFA) and the Education Funding Agency (EFA) in the 2014/15 Accounts Direction Handbook.

##### **Basis of Accounting**

The financial statements are prepared in accordance with the historical cost convention modified in relation to the revaluation of buildings and other assets transferred from Hampshire County Council on incorporation of the College and by further revaluation of the buildings at 31 July 1997 and in accordance with applicable United Kingdom Accounting Standards.

The financial statements include equivalent figures for the previous year ended 31 July 2014.

##### **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 £0.955m of loans outstanding with bankers on terms negotiated in 2006. The terms of the existing agreement are for up to another 7 years. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

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

##### **Recognition of Income**

The recurrent grants from the Funding bodies EFA/SFA represent the funding allocations attributable to the current financial year and are credited direct to the Income and Expenditure Account. EFA/SFA recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the SFA adult learner responsive funding element 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 SFA at the end of November following the year end. Employer responsive grant income is recognised based on a year end reconciliation of income claimed and actual delivery with the SFA. 16-18 learner-responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments, the income recognised is the allocation for the year.

Grants which are applied to acquire tangible fixed assets are credited to the Income and Expenditure Account over the estimated useful lives of the relevant assets.

Income from grants, contracts and other services rendered is included to the extent the conditions of the funding have been met or the extent of the completion of the contract or service concerned.

All income from short-term deposits is credited to the Income and Expenditure Account in the period in which it is earned. Income from tuition fees is recognised in the period for which it is received.

### **Post retirement benefits**

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme (SERPS). (until April 2016) and the assets are held separately from those of the college. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective benefit method. As stated in note 20, the TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the college in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the income and expenditure account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

### **Enhanced Pensions**

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's Income and Expenditure Account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the Balance Sheet using the enhanced pension spreadsheets provided by the funding bodies.

### **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 Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes

The College receives no similar exemption in respect of value added tax. For this reason the College is generally unable to recover input VAT it suffers on goods and services purchased. Non-pay expenditure is therefore shown inclusive of VAT with any partial recovery netted off against these figures.

## **Tangible Fixed Assets**

### *Land and buildings*

Inherited buildings and the Weeke building purchased since incorporation were revalued at 31 July 1997, and are shown in the Balance Sheet at depreciated replacement cost valuation less accumulated depreciation. Buildings constructed subsequently have been included in the Balance Sheet at cost.

Land in relation to the main site of the College is held in trust (Christes Hospital School Foundation Winchester), and is included in the Balance Sheet and within deferred capital grants at a valuation as at the date of incorporation of the College.

Land relating to the Adult Continuing Education Centre purchased by the College is shown in the Balance Sheet at valuation at the time of purchase. Land is not depreciated

Buildings are depreciated on a straight line basis over the expected useful economic life of the individual buildings, being between 15 and 50 years.

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

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

A review for impairment of a fixed asset is carried out if events or changes in circumstance indicate that the carrying amount of any fixed asset may not be recoverable.

On adoption of FRS 15, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1997, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

### *Assets under construction*

Assets under construction are accounted for at cost, based on the value of architect's 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 it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- \* Market value of the fixed asset has subsequently improved;
- \* Asset capacity increased;
- \* Substantial improvement in the quality of output or reduction in operating costs;
- \* Significant extension of the asset's life beyond that conferred by repairs and maintenance.

### *Buildings owned by third parties*

Where land and buildings are used, but the legal rights are held by a third party, for example a charitable trust, they are only capitalised if the College has rights or access to ongoing future economic benefit. These assets are then depreciated over their expected useful economic life.

### *Equipment*

Equipment costing less than £2,500 per individual item is written off to the Income and Expenditure Account in the period of acquisition.

Equipment inherited from Hampshire Education Authority is included in the balance sheet at valuation.

Equipment acquired since incorporation is included in the Balance Sheet at cost.

Equipment and vehicles are depreciated on a straight line basis over 4 years.

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

### **Leased Assets**

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

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases.

The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

### **Investments**

Investments held are deemed to be fixed asset investments and are stated at market value.

### **Stocks**

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.

### **Maintenance of Premises**

The College has a ten-year rolling long-term maintenance plan, which forms the basis of the ongoing maintenance of the campus. The cost of long term and routine corrective maintenance, and classroom refurbishment which does not enhance the capital value of the College estate, is charged to the income and expenditure account in the period it is incurred.

### **Liquid Resources**

Liquid resources include sums on short-term deposits with recognised banks and building societies and government securities.

### **Provisions**

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

### **Agency Arrangements**

Discretionary support funds from the funding bodies are available solely for students.

Although the College administers the fund the funding bodies deem that the College acts only as the paying agent and has decreed that the grants and related disbursements are therefore to be excluded from the Income and Expenditure Account, except for the 5% of the grant received which is available to the College to cover administration costs relating to the grant.

	2015 £	2014 £
<b>2 FUNDING BODY GRANTS</b>		
Funding body-Recurrent grant	15,960,380	16,150,370
Funding body -Non recurrent grants	270,672	-
Release of Deferred Capital Grants ( note 20)	247,887	310,357
	<b><u>16,478,939</u></b>	<b><u>16,460,727</u></b>
	2015 £	2014 £
<b>3 TUITION FEES AND EDUCATION CONTRACTS</b>		
Tuition fees	1,285,470	1,078,026
Education Contracts	-	-
	<b><u>1,285,470</u></b>	<b><u>1,078,026</u></b>
<b>Tuition fees funded by bursaries</b>		
Included within the above amounts are tuition fees funded by bursaries of £Nil ( 2014: £Nil)		
	2015 £	2014 £
<b>4 OTHER INCOME</b>		
Catering and boarding operations	1,737,726	1,752,160
Released from deferred capital grants ( non funding body)	27,678	27,678
Income designated for specific outings and projects	1,188,617	1,132,538
Other income generating activities	197,119	209,385
Other income	137,083	133,765
	<b><u>3,288,223</u></b>	<b><u>3,255,526</u></b>
	2015 £	2014 £
<b>5 INVESTMENT INCOME</b>		
Other investment income	1,583	1,544
Other interest receivable	16,444	18,291
	<b><u>18,027</u></b>	<b><u>19,835</u></b>

**6 STAFF COSTS**

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

	2015 Number	2014 Number
Teaching staff	197	193
Non teaching staff	142	146
	<u><b>339</b></u>	<u><b>339</b></u>
	2015 £	2014 £
Wages and salaries	11,259,278	11,224,712
Social security costs	706,235	726,902
Other pension costs including FRS17 adjustments of £90,177 2013/14 £111,205	1,615,087	1,606,779
Compensation for loss of Office	-	49,223
	<u><b>13,580,600</b></u>	<u><b>13,607,616</b></u>

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

	<b>Senior post-holders</b>	
	2015 No.	2014 No.
£60,001 to £70,000	1	2
£80,001 to £90,000	1	1
£120,001 to £130,000	1	1
	<u><b>3</b></u>	<u><b>4</b></u>

No other employees received emoluments over £60,000 during these years.

**7 SENIOR POST-HOLDERS' EMOLUMENTS**

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

	2015	2014
	Number	Number
The number of senior post-holders, including the Principal, was:	<u>3</u>	<u>4</u>
Senior post-holders' emoluments are made up as follows:	£	£
Salaries	272,601	338,245
Benefits in kind	2,337	3,151
Pension contributions	<u>38,437</u>	<u>47,692</u>
<b>Total emoluments</b>	<u><u>313,375</u></u>	<u><u>389,088</u></u>

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

Salary	126,146	122,717
Benefits in kind	<u>779</u>	<u>788</u>
	<u><u>126,925</u></u>	<u><u>123,505</u></u>
Pension contributions	<u><u>17,787</u></u>	<u><u>17,303</u></u>

The pension contributions in respect of the Principal and senior post-holders are in respect of employer's contributions to the Teachers' Pension Scheme or the Hampshire County Council Superannuation Scheme and are paid at the same rate as for other employees.

**Compensation for loss of office paid to a former senior post-holder**

	2015	2014
	£	£
Compensation paid to the former post-holder	0	36,000

The severance payment was approved by the College's Remuneration Committee.

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

No member of the Corporation or senior post-holder incurred costs during 2014/15 in respect of overseas activities, other than a visit to the Falklands Islands by the Deputy Principal (Students) with a total cost to the College of £1,562. In 2013/14 the Principal undertook the same visit at the same cost.

<b>8 OTHER OPERATING EXPENSES</b>	2015 £	2014 £
Teaching departments	646,666	610,284
Teaching support services	725,676	638,042
Other support services	(13,758)	(4,088)
Administration and central services	531,403	589,706
General education expenditure	922,142	963,483
Outings and projects financed by designated receipts	1,188,617	1,132,538
Premises costs: Running costs	749,185	702,671
Premises costs: Maintenance	747,973	645,883
Premises costs: Rents and Leases	1,194	1,704
Catering and boarding operations	824,216	820,033
	<b><u>6,323,314</u></b>	<b><u>6,100,256</u></b>
Other operating expenses include:		
Auditors' remuneration		
Internal audit	12,000	7,558
Financial statements audit	12,942	12,264
Regularity audit	1,200	1,200
Other assurance services provided by the financial statements auditors	1,548	8,058
Hire of other assets - operating leases	49,809	43,702
	<b><u>40,938</u></b>	<b><u>52,172</u></b>
<b>9 INTEREST AND OTHER FINANCE COSTS</b>	2015 £	2014 £
On Bank loans, overdrafts and other loans;		
Repayable wholly or partly in more than five years	10,274	11,504
Pension Finance Costs (note 20)	30,664	40,668
	<b><u>40,938</u></b>	<b><u>52,172</u></b>

**10 TAXATION**

The College was not liable for any Corporation Tax arising out of its activities during the year, as it benefits from the general exemptions from Corporation Tax afforded by section 505 Taxes Act 1988.

**11 TANGIBLE FIXED ASSETS**

	Assets under Construction £	Land and Buildings £	Equipment £	Total £
<b>Cost or valuation</b>				
At 1 August 2014	657,509	21,603,985	2,988,775	25,250,269
Commissioning	(657,509)	620,437	37,072	0
Additions	1,496,907	55,253	286,498	1,838,658
<b>At 31 July 2015</b>	<b><u>1,496,907</u></b>	<b><u>22,279,675</u></b>	<b><u>3,312,345</u></b>	<b><u>27,088,927</u></b>
<b>Depreciation</b>				
At 1 August 2014	-	4,817,007	2,237,893	7,054,900
Charge for year	-	528,197	331,360	859,557
<b>At 31 July 2015</b>	<b><u>-</u></b>	<b><u>5,345,204</u></b>	<b><u>2,569,253</u></b>	<b><u>7,914,457</u></b>
<b>Net book value at 31 July 2015</b>	<b><u>1,496,907</u></b>	<b><u>16,934,471</u></b>	<b><u>743,092</u></b>	<b><u>19,174,470</u></b>
Net book value at 1 August 2014	<u>657,509</u>	<u>16,786,978</u>	<u>750,882</u>	<u>18,195,369</u>

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

Land in relation to the main site of the College is held in trust (Christes Hospital School Foundation Winchester), but under the requirements of FRS 5 has been included in the assets of the College for accounts purposes, at an existing use basis valuation as at the date of incorporation of the College. There is no formal lease for the tenancy of the site.

The College believes it is appropriate to include the value of the buildings thereon as they have all the risks and rewards of ownership under FRS 5.

**Land owned by third parties**

Where the College enjoys the use of any land which it does not own and for which no rental or a nominal rental is paid, if practicable, a value is attributed to this benefit and capitalised, with a corresponding credit to deferred capital grants. This applies to the Land occupied by the College which is held in trust (Christes Hospital School Foundation Winchester).

If fixed assets had not been revalued they would have been included at the following historical cost amounts.

Cost	Nil
Aggregate depreciation	<u>Nil</u>
	<u>Nil</u>

<b>12 INVESTMENTS</b>	2015	2014
	£	£
Investments in marketable securities		
At 1 August	59,444	57,304
4% consolidated stock Redemption	(5,996)	-
Increase in Market Value	1,451	2,140
<b>At 31 July</b>	<b><u>54,899</u></b>	<b><u>59,444</u></b>

	2015	2014
	£	£
<b>13 DEBTORS</b>		
Amounts falling due within one year		
Trade debtors	14,446	18,642
Prepayments and accrued income	255,431	272,878
	<b><u>269,877</u></b>	<b><u>291,520</u></b>

<b>14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	2015	2014
	£	£
Bank Loans	128,160	126,887
Payments received in advance	855,816	719,188
EFA 2014/15 Devolved Formula Grant received 2014	86,231	84,175
EFA BCIF Grant Unspent at Year end	-	495,000
Trade creditors	740,502	458,205
Other taxation and social security	235,755	239,680
Accruals	412,097	451,092
	<b><u>2,458,561</u></b>	<b><u>2,574,227</u></b>

Included in payments received in advance are boarding fees received in advance of £206,295 (2013/14: £114,800) from the Falkland Islands Government, against which will be offset the boarding fees for next year in respect of each boarder attending the College from the Falkland Islands.

**15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2015	2014
	£	£
Bank Loans	826,853	954,935
Payments received in advance (Falkland Island Boarding Fees) in respect of boarding fees covering periods beyond next year.	813,045	-
	<b><u>1,639,898</u></b>	<b><u>954,935</u></b>

**16 BORROWINGS**

	2015	2014
	£	£
<b>Bank loans and overdrafts</b>		
Bank Loans are unsecured and repayable as follows		
In one year or less	128,160	126,887
Between one and two years	129,447	128,161
Between two and five years	396,188	392,253
Over 5 years	301,218	434,521
Total	<b><u>955,013</u></b>	<b><u>1,081,822</u></b>

Bank loans at 0.5% over base rate are repayable by instalments falling due between 31st December 2015 and 30th September 2022.

**17 DEFERRED CAPITAL GRANTS**

	Funding bodies £	Other Grants £	2015 Total £
<b>At 1 August 2014</b>			
Land and buildings	5,347,893	2,680,388	8,028,281
Cash Received	1,229,328	-	1,229,328
Released to income and expenditure account			
Land and buildings	(247,888)	(27,678)	(275,566)
<b>At 31 July 2015</b>			
Land and buildings	<b><u>6,329,333</u></b>	<b><u>2,652,710</u></b>	<b><u>8,982,043</u></b>

	2015	2014
	£	£
<b>18 REVALUATION RESERVE</b>		
<b>At 1 August 2014</b>	2,136,154	2,249,350
Less transfer from revaluation reserve to income and expenditure account in respect of disposal and depreciation on revalued assets		
Depreciation on revalued assets	(113,196)	(113,196)
<b>At 31 July 2015</b>	<b><u>2,022,958</u></b>	<b><u>2,136,154</u></b>

	2015	2014
	£	£
<b>19 MOVEMENT ON GENERAL RESERVES</b>		
<b>Income and expenditure account reserve</b>		
<b>At 1 August 2014</b>	5,136,498	4,813,115
Transfer from revaluation reserve	113,196	113,196
Transfer to restricted reserve	(1,426)	(2,115)
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax	266,250	252,302
Actuarial (Loss)/ Gain in respect of pension scheme	(520,000)	(40,000)
<b>At 31 July 2015</b>	<b><u>4,994,518</u></b>	<b><u>5,136,498</u></b>
Balance represented by:		
Pension reserve	(4,416,031)	(3,776,353)
Income and expenditure account reserve excluding pension reserve	9,410,549	8,912,851
<b>At 31 July 2015</b>	<b><u>4,994,518</u></b>	<b><u>5,136,498</u></b>

	2015	2014
	£	£
<b>Restricted reserves</b>		
<b>At 1 August 2014</b>	59,807	57,692
Increase in market value of investments	1,451	2,140
Less release of prize money re John Livy bequest	(25)	(25)
<b>At 31 July 2015</b>	<b><u>61,233</u></b>	<b><u>59,807</u></b>

The restricted reserves represent a bequest from Clement Edwards for the purpose of annual prizes to photography students, a bequest from Paul Woodhouse for the purpose of establishing a hardship fund for students, and a bequest from John Livy to reward good communication in science.

**20 PENSION AND SIMILAR OBLIGATIONS**

The College employees belong to two principal pension schemes: the Teachers Pension Scheme England and Wales (TPS) for academic and related staff: and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hampshire County Council Superannuation Scheme

Both are defined benefit schemes.

The College also runs a Group personal pension scheme for catering staff through AEGON . This is a defined contribution scheme to which the College contributes 6% if the employee contributes at least 3%.

<b>Total pension cost for the year</b>	2015 £	2014 £
Teachers Pension Scheme:contributions paid	1,048,840	1,043,493
Local Government Pension Scheme: contributions paid	469,910	443,540
FRS17 Excess Service Costs	90,000	110,000
Enhanced pension charge	177	1,205
AEGON Defined Contribution Scheme	6,160	8,541
<b>Total pension cost for the year</b>	<b><u>1,615,087</u></b>	<b><u>1,606,779</u></b>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuations of the TPS was 31 March 2004 and of the LGPS 31 March 2013.

Contributions amounting to £206,542 (2014 £202,231) were payable to the schemes at 31st July and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

### **The Teachers' Pension Budgeting And Valuation Account**

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

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

### **Valuation Of The Teachers' Pension Scheme**

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation and the subsequent consultation are:

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

The new employer contribution rate for the TPS will be implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

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

### **Scheme Changes**

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

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

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

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

The pension costs paid to TPS in the year amounted to £1,048,841 (2014: £1,043,493).

### **FRS 17**

Under the definitions set out in FRS 17 (Retirement Benefits), the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the College has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contribution rates.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds.

The total contribution made for the year ended 31 July 2015 was £683,490 of which employer's contributions totalled £474,947, and employees contributions totalled £208,543. The agreed contribution rates for next year are a fixed figure of £139,100 p.a plus 13.1% -( broadly equivalent to 19.1% )for employers and between 5.5% and 12.5% for employees depending on the members salary., with further revisions due from 1 April 2016.

**FRS 17**

The following information is based upon the triennial valuation of the Fund as at 31 March 2013 updated to 31 July 2015 by a qualified independent actuary.

	<b>At 31 July 2015</b>	<b>At 31 July 2014</b>
Rate of increase in salaries	3.6%	3.7%
Rate of increase for pensions in payment/inflation	2.1%	2.2%
Discount rate for liabilities	3.6%	4.1%
Rpi Inflation assumption	n/a	3.2%
Cpi Inflation assumption	n/a	2.2%

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

	<b>At 31 July 2015</b>	<b>At 31 July 2014</b>
<i>Retiring today</i>		
Males	24.5	24.4
Females	26.3	26.2
<i>Retiring in 20 years</i>		
Males	26.6	26.5
Females	28.6	28.5

The College's share of assets and liabilities in the scheme ( estimated at 0.11% of Total scheme) were and comprise:

	<b>July 2015</b>	<b>July 2014</b>
	£ '000	£ '000
Equities	4,577	4,124
Bonds	2,189	1,726
Property	653	527
Other	541	473
Total market value of assets.	<u>7,960</u>	<u>6,850</u>
present value of scheme liabilities	(12,360)	(10,610)
Enhanced pension liability	(16)	(16)
College Deficit in scheme	<u><u>(4,416)</u></u>	<u><u>(3,776)</u></u>

and the expected long term weighted average rate of return

weighted average rate of return	N/A	6.1%pa
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<b>Amounts recognised in the income and expenditure account.</b>	2015	2014
	£ '000	£ '000
Employer service costs (net of employee contributions)	560	550
Past service costs	<u>0</u>	<u>0</u>
<b>Total operating charge</b>	<u>560</u>	<u>550</u>
<b>Analysis of pension finance costs</b>		
Expected return on pension scheme assets	420	420
Interest on pension liabilities	<u>(450)</u>	<u>(460)</u>
<b>Pension costs</b>	<u>(30)</u>	<u>(40)</u>
<b>Amount recognised in the statement of total recognised gains and losses (STRGL)</b>		
Actual return less expected return on pension scheme assets	360	(430)
Experience gains and losses arising on the scheme liabilities	0	0
Change in financial and demographic assumptions underlying the scheme liabilities	<u>(880)</u>	<u>390</u>
<b>Actuarial loss recognised in STRGL</b>	<u>(520)</u>	<u>(40)</u>
<b>Movement in scheme deficit during year:</b>		
	2015	2014
	£ '000	£ '000
Deficit in scheme at 1 August	(3,776)	(3,586)
Movement in year:		
Current service charge	(560)	(550)
Contributions (deduced)	470	440
Net interest	(30)	(40)
Actuarial (loss)/gain	<u>(520)</u>	<u>(40)</u>
Deficit in scheme at 31 July	<u>(4,416)</u>	<u>(3,776)</u>
<b>Asset and Liability Reconciliation</b>		
	2015	2014
	£ '000	£ '000
<b>Reconciliation of Liabilities</b>		
<b>Liabilities at start of period</b>	10,610	9,990
Service cost	560	550
Interest cost	450	460
Employee contributions	210	200
Actuarial (gain)/Loss	880	(390)
Benefits paid	<u>(350)</u>	<u>(200)</u>
<b>Liabilities at end of period</b>	<u>12,360</u>	<u>10,610</u>
<b>Reconciliation of Assets</b>		
<b>Assets at start of period</b>	6,850	6,420
Expected return on assets	420	420
Actuarial (loss)/gain	360	(430)
Employer contributions	470	440
Employee contributions	210	200
Benefits paid	<u>(350)</u>	<u>(200)</u>
<b>Assets at end of period</b>	<u>7,960</u>	<u>6,850</u>

The estimated value of employer contributions for the year ended 31st July 2016 is £500,000

**History of experience gains and losses**

	2015	2014	2013	2012 restated	2011
Difference between the expected and actual return on assets					
amount £'000	360	(430)	560	(120)	(450)
% of scheme assets	4.5%	6.3%	8.7%	2.3%	9.8%
Experience gains and losses on scheme liabilities					
amount £'000	40	(60)	0	(40)	320
% of scheme liabilities	0.3%	0.6%	0.0%	0.4%	4.3%
Total amount recognised in STRGL					
amount £'000	(520)	(40)	430	(990)	(350)
% of scheme liabilities	6.5%	0.4%	4.3%	10.9%	5.0%

**21 RECONCILIATION OF OPERATING SURPLUS TO NET  
CASH INFLOW FROM OPERATING ACTIVITIES**

		2015	2014
	Notes	£	£
Surplus on continuing operations after depreciation of assets at valuation		266,250	252,302
(Increase )in value of investment		(1,451)	(2,140)
Disposal of Investments		5,996	0
Depreciation	1 and 11	859,557	801,768
Deferred capital grants released to income	2 and 4	(546,238)	(338,035)
Pension cost less contributions payable	7 and 20	90,000	110,000
(Increase) in stocks		(2,334)	(11,130)
Interest payable	9	40,938	52,172
Decrease in debtors		21,643	7,521
Increase/(Decrease) in creditors falling due within one year		61,271	(293,243)
Interest receivable	5	(18,027)	(19,835)
<b>Net cash inflow from operating activities</b>		<b>777,605</b>	<b>559,380</b>

**22 ANALYSIS OF CHANGES IN NET FUNDS**

	At 1st Aug 14 £	Cashflows £	At 31st July 15 £
Cash at bank and in hand	3,060,582	948,951	4,009,533
Debt due in 1 year	(114,800)	(91,495)	(206,295)
Debt due after 1 year	0	(813,045)	(813,045)
Bank Loan due in one year or less	(126,887)	(1,273)	(128,160)
Bank Loan due between one and two years	(128,161)	(1,286)	(129,447)
Bank Loan due between two and five years	(392,253)	(3,935)	(396,188)
Bank loan due over 5 years	(434,521)	133,303	(301,218)
Short term investments	1,006,822	4,789	1,011,611
<b>Total</b>	<b><u>2,870,782</u></b>	<b><u>176,009</u></b>	<b><u>3,046,791</u></b>

2015                      2014

**23 CAPITAL COMMITMENTS**

£                              £

Capital expenditure that has been contracted for at the year-end but has not been provided for in the financial statements

64,800                      80,440

**24 FINANCIAL COMMITMENTS**

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

2,015                      2,014  
£                              £

Other

Expiring within one year    47,316                      28,793  
Expiring within two and five years inclusive                      105,236                      18,619

152,552                      47,412

**25 RELATED PARTY TRANSACTIONS**

Owing to the nature of the College's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

The total expenses paid to or on behalf of the Governors during the year was £834 ; ( 2013/4 £28)  
 No Governor has received any remuneration or waived payments from the College during this or last year.

	2015 £	2014 £
<b>26 AMOUNTS DISBURSED AS AGENT</b>		
Funding Body Grants and bursaries	216,468	176,498
Less:		
Disbursed to Students	(167,821)	(151,447)
Administration	(8,854)	(7,680)
Balance unspent at 31 July included in creditors	<u><u>39,793</u></u>	<u><u>17,371</u></u>

Funding body grants are available solely for students; although the College administers the fund the Funding body deems that the College acts only as the paying agent.  
 The Funding body has decreed that the grants and related disbursements are therefore excluded from the Income and Expenditure Account, other than for the 5% of the grant received which is available to the College to cover administration costs relating to the grant.

**INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF PETER SYMONDS COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 1 April 2014 and further to the requirements of the funding agreement with the Education Funding Agency we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by [name of college] during the period [insert the start date of the period for which the annual report and financial statements (annual accounts) have been prepared] to 31 July 2015 have been applied to the purposes identified by Parliament and the financial transactions 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 Peter Symonds College and the Secretary of State for Education acting through 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 Peter Symonds College and the Secretary of State for Education acting through the 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 Peter Symonds College and the Secretary of State for Education acting through the Education Funding Agency for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Peter Symonds College and the reporting accountant**

The corporation of Peter Symonds College is responsible, under the EFA funding agreement and 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 [insert the start date of the period for which the annual accounts have been prepared] to 31 July 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities accounts have been prepared] to 31 July 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

We conducted our engagement in accordance with the 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 and our engagement letter

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas where we identified areas where a material irregularity is likely to arise. We undertook detailed testing, based on our identification of the areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

**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 [insert the start date of the period for which the annual accounts have been prepared] to 31 July 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**RSM UK AUDIT LLP** - Formerly Baker Tilly UK Audit LLP  
Chartered Accountants  
Davidson House  
Forbury Square  
Reading  
RG31 3EU

17th December 2015