REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2016

Key Management Personnel, Board of Governors and Professional advisers

Key management personnel

Key management personnel are defined as members of the College Senior Management Team and were represented by the following in 2015/16

Stephen Carville	Principal and CEO; Accounting Officer
Dave Cartwright	Vice Principal
Julia Tucker	Deputy Principal (Students)
Nick Allen	Assistant Principal (Quality)

Board of Governors

A full list of Governors is given on page 17 of these financial statements.
Mrs H Walsh acted as Clerk to the Corporation throughout the period

Professional advisers

Financial Statement & Regularity Auditors	RSM UK Audit LLP Highfield Court Tollgate Chandlers Ford Eastleigh Hampshire SO53 3TY
Internal Auditors	Mazars LLP Merck House Seldown Poole Dorset BH15 1TW
Bankers	Lloyds TSB 49 High Street Winchester Hampshire SO23 9BU
Solicitors	Blake Morgan Tollgate Chandler's Ford Eastleigh SO53 3LG

CONTENTS

Members' Report

Nature, Objectives and Strategies:

The members present 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 Peter Symonds College. The College is an exempt charity for the purposes of Part 3 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 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 17.

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'

'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

Operational Plan targets

1. Target enrolments: 1 November 2016

Target	Comment
3,725 16-18 Year Olds	3,864 students on roll on 01/11/16 **Target met**
600 SFA Funded 19+ 150 HE Students	**Target nearly met:** 584 enrolments funded by SFA (but more self-funded students) **Target met:** 208 HE students

2. Set Sizes

Target	Comment
A2 - 20	Actual set size: 20.2 – **target met**
AS - 22	Actual set size: 21.42 – **target met**
BTEC - 20	Actual set size: 18.6 – **target met**
Level 2 -18	Actual set size: 14.6 GCSE, 9.0 other L2 – **target met**

3. Guided learning hours

Target	Comment
16-18 students should be on > 540 guided learning hours to attract full-time funding in future	**Target met** for the vast majority of students, some exceptions for ill health etc

4. Success rates

Target	Comment
To be above national rates for success rates for sixth form colleges at each NVQ level for long courses for both 16-18 and 19+ provision	**Target met** for 16-18 provision. Level 2 – 95.5%; Level 3 – 90.5% **Target not met** for 19+ courses: overall success rate is 70.9%. The college is below national rates at NVQ levels 1 and 2, but above at level 3.
To be above 75th percentile figure for long courses for 16-18 year olds (87.6%)	**Target met: 90.6% overall success rate**

5. Value Added

Target	Comment
Positive residual for each qualification type (using the L3 VA methodology) Aspirational target – to have no courses with a statistically significant negative L3VA score (NB – if L3VA scores are unavailable when operational plan targets are reviewed, Alps bottom 25% grades (blue teaching) can be used as proxy	**Target met** for all three headline A level, Academic and Applied General measures. There are 553 enrolments on courses with statistically significantly negative value added, equalling 7% of all A level enrolments. 93% of enrolments are on courses where students make at least the progress that would be expected nationally. Alps Blue teaching: AS level – 1%; A2 level 6%.

6. Attendance

Target	Comment
Overall	93.2%
AS level – 92%	94.7% - **Target met**
A2 level – 89%	91.7% - **Target met**
AS level general studies – 82%	No longer offered
A2 level general studies – 75%	No longer offered

FINANCIAL POSITION

Financial results

The College generated an operating surplus before other gains and losses in the year of £175,064 (2014/15 surplus £108,572), with total comprehensive income of (£1,611,436), 2014/15 (£281,428). The College has accumulated reserves of £5,173,908 and cash and cash equivalents of £5,530,767.

The college has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2015/16 FE funding bodies provided 75% (2014/15: 77%) of the college's total income.

The operating surplus and cash reserves are intended to mitigate the impact of future funding cuts and provide a contingency fund.

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 £548,642 (2014/15 £2,911,456) and this resulted, (after significant capital expenditure in 2014/15), in net cash flows of £509,623 (2014/15 £953,740).

Reserves Policy

The College has no formal Reserves Policy, but recognises the importance of reserves in the financial stability of an organisation, whilst ensuring that adequate resources are provided for the College's core business. The College currently holds restricted reserves of £61,858 (2014/15 £61,233) and has an expendable endowment reserve of £292,849. It is the Corporation's intention to increase reserves over the life of the Strategic Plan, by the generation of annual operating surpluses.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Funded Student Numbers 2015-2016

	Plan
Learner Responsive 16-18	**3,725**

Funding Allocated 2015- 2016

	Plan
Learner Responsive 16-18	£15,662,304
Adult Skills Budget	£348,947
Adult Safeguarded Learning	£ 21,092
24+ loans	£317,066
Total Adult Funding	*£687,105*
Total Funding	£16,349,409

Students' Achievements 2015-16

Figure One: 16-18 students – long courses (except where stated otherwise) 2015-16

	Starts	Success Rate (%)	National Rate (SFCs)	+/-
A level	5,059	98	95	+3
AS level	7,551	85	82	+3
BTEC L3	285	96	86	+10
Extended Project	313	97	90	+7
GCSE	233	96	87	+9
Level 2 CTEC	42	93	87	+6
All	13,483	91	87	+4

Figure Two: 19+ students – long courses (except where stated otherwise) 2015-16

	Starts	Success Rate (%)	National Rate (SFCs)	+/-
Level 1, Level E	112	63	66	-3
Level 2	260	69	77	-8
Level 3	192	86	80	+6
Level H	10	80	-	-
All	574	74	-	-

Curriculum Developments

A Level Reform

The second phase of A level reform is currently being implemented, with new specifications in a further 8 subject areas, following changes to 13 subjects in 2015. The remaining A level courses will have new linear specifications from 2017. Changes to BTEC qualifications will be implemented from September 2017, and we will have the first intake of students with the new GCSEs in Maths and English, graded 1-9, in September 2017.

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 2015 to 31 July 2016, the College paid 97 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 is reviewed regularly and was reviewed, amended and approved by the Board in May 2016 in line with a recommendation arising from the Board's assurance mapping exercise undertaken in 2014/15. 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 Hospitall.

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/

The Prevent Duty

Peter Symonds College understands its duty to give **"due regard to the need to prevent people from being drawn into terrorism"**, in accordance with the Prevent Duty July 2015.

The college has developed an action plan and reviewed policies and procedures accordingly, including the IT policy and Safeguarding policy.

The college also understands its duty to build **resilience to radicalisation** by promoting **fundamental British values** and enabling students to challenge extremist views. This is being embedded into the tutorial and lecture programmes.

The college is committed to continuing to provide staff training on the Prevent Duty and to following the advice of the Hampshire and Isle of Wight Prevent Board.

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 12th December 2016**

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 date of approval of the annual report and financial statements.

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 and therefore do not apply the Code of Good Governence for English Colleges and 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 Codes 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 college is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors who are also trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

The Corporation

The composition of the Corporation is set out on page 17. 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.

PETER SYMONDS COLLEGE

The members who served the Corporation during the academic year 2015/16 and up to the date of signing this report are:

Name and attendance At Corporation meetings		**Date of Appointment**	**Status**	**Committees**
Mrs P Billington	100%	15 05 13*		Chair of Personnel Policy & Resources Remuneration
Mrs R Brockman	100%	10 10 16*	Foundation Governor	Personnel Search & Governance
Mr S J Carville	100%		Principal-ex officio	
Mr A Chavda	80%	06 07 15	Student Governor Term ended 6 07 16	
Mr J Cripps	50%	06 02 15	Student Governor Term ended 6 02 16	
Mr C Edwards	60%	10 10 16*		Member of Academic Board
Miss L Evans	100%	09 02 15	Governor	Estates Curriculum & QA (Chair from May 16) Remuneration
Mrs G Gardiner	85%	07 07 14*	Staff Governor Stepped down 11 07 16	Personnel Estates Search & Governance
Mrs N Graham	75%	14 12 15		Estates (from July 16) Personnel (from July 16)
Mr G Hooper	100%	06 02 15	Staff Governor	Curriculum & QA Personnel
Mrs D Kennedy	100%	31 03 14	Parent Governor	Curriculum & QA Audit
Mr N Measham	80%	6 10 14	Foundation Governor	Chair of Audit Estates
Mr J Mace	30%	29 2 16	Student Governor	
Mr B Neaves	75%	14 12 15		Audit (from March 2016)
Miss A Palmer	60%	31 10 14*		Curriculum & QA Personnel
Rev. Canon R Riem	100%	04 12 13*	Foundation Governor Stepped down 9 05 16	Chair of Curriculum & QA (to May 16) Policy & Resources (to May 16)
Mr T Rogerson	66%	05 10 16*	Vice-Chairman	Remuneration Chair of Search &Governance Chair of Policy & Resources
Mr C Scott	100%	23 03 15*	Chairman of Governors	Policy & Resources Search & Governance Remuneration
Ms A Stone	100%	11 07 16	Student Governor	
Mrs A Storey	100%	12 07 13*		Chair of Estates Curriculum &QA Policy & Resources
Mrs T Thorne	80%	18 05 15		Audit Search & Governance (from July 16)

*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 of Governors)   12th Dec 2016   Clerk to the Governors, Mrs H Walsh.

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.

Corporation performance

The Board carries out a self-assessment of its performance annually and the outcomes are assessed by the Search and Governance committee and actions arising are then included in the annual Cross-College Self-assessment report (SAR) . The Cross-College SAR is considered and monitored by the Curriculum and Quality Assurance committee and reported to the Board. Details are set out in the relevant committee and Board papers.

Remuneration Committee

Throughout the year ending 31 July 2016, the College's Remuneration Committee comprised four 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 2016 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, as well as reporting annually to the Corporation

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 Agreement 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 purpose of the system of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of college policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the College for the year ended 31 July 2016 and up to the date of approval of the annual report and accounts.

Capacity to Handle Risk

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

The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the 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.

The internal auditors of the College are Mazars LLP and they operate in accorance 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 adaquacy 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 other sources of assurance, 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 its 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. On 12 December 2016, the Corporation reviewed the effectiveness of the system of internal control for the year ended 31 July 2016 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2016.

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".

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 12th December 2016 and signed on its behalf by:

C Scott (Chair of Governors)

S Carville (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 funding agreement in place between the College and the Education Funding Agency. As part of our consideration we have due regard to the requirements of the funding agreement.

We confirm on behalf of the Corporation, that after due enquiry, and to the best of 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 fundin agreement.

We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Education Funding Agency.

C Scott (Chair of Governors)	12th December 2016
S Carville (Principal)	12th December 2016

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 2015 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 sate 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 of Governors) 12th December 2016

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 26 to 52. The financial reporting framework that has been applied in their preparation is United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" as set out in our engagement letter dated 10 November 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 10 November 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 10 November 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 page 23, the Corporation is responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with the terms of our engagement letter dated 10 November 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 2016 and of the College's deficit 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 revised 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 **19th December 2016**

Chartered Accountants
Highfield Court
Tollgate
Chandlers Ford
Eastleigh
Hampshire
SO53 3TY

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2016

	Notes	2016	2015
		£	£
Income			
Funding body grants	2	16,547,266	16,478,939
Tuition fees and education contracts	3	1,346,487	1,285,470
Other income	4	3,611,503	3,260,545
Investment income	5	22,019	18,027
Donations and endowments	6	292,849	-
Total Income		**21,820,124**	**21,042,981**
Expenditure			
Staff costs	7	14,198,160	13,600,600
Other operating Expense	8	6,379,650	6,323,314
Depreciation	11	918,091	859,557
Interest and other finance costs	9	149,159	150,938
Total Expenditure		**21,645,060**	**20,934,409**
Surplus before other gains and losses		**175,064**	**108,572**
Profit on disposal of assets		3,500	-
Surplus for the year		**178,564**	**108,572**
Actuarial loss in respect of pension schemes		(1,790,000)	(390,000)
Total Comprehensive Income for the year		**(1,611,436)**	**(281,428)**
Represented by:			
Restricted Comprehensive income		293,474	1,426
Unrestricted comprehensive income		(1,904,910)	(282,854)
		(1,611,436)	(281,428)

STATEMENT OF CHANGES IN RESERVES

	Restricted reserve	Income and expenditure account	Revaluation reserve	Total
	£	£	£	£
Restated Balance at 1st August 2014				
Restated Balance at 1st August 2014	59,807	7,135,279	2,136,154	9,331,240
(Deficit)/Surplus from the Income and expenditure account	-	108,572	-	108,572
Other comprehensive income	-	(390,000)	-	(390,000)
Transfer between revaluation and Income and expenditure and restricted reserves	1,426	111,770	(113,196)	-
Balance at 31st July 2015	**61,233**	**6,965,621**	**2,022,958**	**9,049,812**
(Deficit)/Surplus from the Income and expenditure account	292,849	(114,285)	-	178,564
Other Comprehensive Income	-	(1,790,000)	-	(1,790,000)
Transfer between revaluation and Income and expenditure reserves	625	112,571	(113,196)	-
Balance at 31 July 2016	**354,707**	**5,173,907**	**1,909,762**	**7,438,376**

BALANCE SHEET AS AT 31 JULY 2016

	Notes	2016 £	2015 £
Non current assets			
Tangible Fixed assets	11	18,476,918	19,174,470
Investments	12	55,523	54,899
		18,532,441	**19,229,369**
Current assets			
Stocks		21,619	54,852
Trade and other receivables	13	286,809	269,877
Cash and cash equivalents		5,530,767	5,021,144
		5,839,195	**5,345,873**
Creditors: amounts falling due within one year	14	3,346,275	3,413,230
Net current assets		**2,492,920**	**1,932,643**
Total assets less current liabilities		**21,025,361**	**21,162,012**
Creditors: amounts falling due after more than one year	15	7,050,783	7,696,169
Provisions			
Defined benefit obligations	17	6,536,202	4,416,031
Total net assets		**7,438,376**	**9,049,812**
Restricted Reserves			
Restricted reserve		354,707	61,233
Unrestricted Reserves			
Income and expenditure account		5,173,908	6,965,621
Revaluation reserve		1,909,762	2,022,958
Total unrestricted reserves		7,083,670	8,988,579
Total reserves		**7,438,376**	**9,049,812**

The financial statements on pages 26 to 52 were approved and authorised for issue by the Corporation on 12th December 2016 and were signed on its behalf by:

C Scott(Chair of Governors) 12th December 2016

S Carville(Principal) 12th December 2016

FOR THE YEAR ENDED 31 JULY 2016

STATEMENT OF CASH FLOWS

	2016	2015
	£	£
Cash flow from operating activities		
Surplus for the year	178,564	108,572
Adjustment for non-cash items		
Depreciation	918,091	859,557
Decrease/(increase) in stocks	33,233	(2,334)
(Increase)/decrease in debtors	(16,932)	21,643
(Decrease) in creditors due within one year	(68,519)	(116,939)
(Decrease)/increase in creditors due after one year	(515,764)	1,794,487
Increase/Decrease) in Enhanced Pension provisions	171	(322)
Pension costs less contributions payable	330,000	250,000
Adjustment for investing or financing activities		
Investment income	(22,019)	(18,027)
(Gain)in Investments Value	(624)	(1,451)
Disposal of Investments	-	5,996
Endowment Income	(292,849)	-
Interest payable	8,790	10,274
(Gain)on sale of fixed assets	(3,500)	-
Net cash flow from operating activities	548,642	2,911,456
Cash flow from investing activities		
Proceeds from sale of fixed assets	3,500	-
Investment income	22,019	18,027
Endowment income	292,849	-
Payments made to acquire fixed assets	(220,539)	(1,838,658)
	97,829	(1,820,631)
Cash flow from financing activities		
Interest paid	(8,790)	(10,274)
Repayments of amounts borrowed	(128,058)	(126,809)
	(136,848)	(137,083)
Increase/(decrease) in cash and cash equivalents in the year	509,623	953,742
Cash and cash equivalents at beginning of year	5,021,144	4,067,403
Cash and cash equivalents at end of year	5,530,767	5,021,144

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2016

1 ACCOUNTING POLICIES

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

Basis of Preparation
These financial statements have been prepared in accordance with the *Statement of Recommended Practice Accounting for Further and Higher Education 2015* (the 2015 FE HE SORP), *the College Accounts Direction for 2015 to 2016* and in accordance with the 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 benefit requirements of FRS 102.

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

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

An explanation of how the transition to the 2015 FE HE SORP has affected the reported financial position, financial performance and cash flows of the College is provided in Note 25.

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 the 2015 FE HE SORP in the transition period. The following exemptions have been taken in these financial statements.

- Revaluation is at 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 Members Report. The financial position of the College, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The College currently has £0.827m of loans outstanding with bankers on terms negotiated in 2006. The terms of the existing agreement are for up to another 6 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

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

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.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS102. 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. Income from tuition fees is recognised in the period for which it is received.

Policy for grants from non-government sources

Grants (including research grants) from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Post-employment benefits
Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and the Lpcal Government Pension Scheme (LGPS). These are defined benefit plans, which are externally funded and contracted out of the State Second Pension (unril April 2016).

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 plan and the contributions recognised as an expensive 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 fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of the 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 staff costs as incurred. Net interest on the net defined benefit liability/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 benefit obligations.The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

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

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 Statement 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.

Non-current Assets-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 reserves 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 income account within creditors, and are released to the Statement of Comprehensive Income over the expected useful economic life of the relevant asset on a basis consistent with the depreciation policy. The deferred income amount is allocated between creditors due within one year and those due after more than one year.

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

A review for impairment of a fixed asset is carried out if events or changes in circumstance 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, which were revalued in 1997, as deemed cost 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 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.
All other equipment is capitalised and recognised at cost less accumulated depreciation and accumulated impairment losses.
Equipment and vehicles are depreciated on a straight line basis over 4 years with the exception of PV panels which are depreciated over a 20 year life.
Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred income account and released to the Statement of Comprehensive Income 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. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Investments

Listed investments held as non-current assets and current asset investments, which may include listed investments, are stated at fair value, with movements recognised in Comprehensive Income. Investments comprising unquoted equity instruments are measured at fair value, estimated using a valuation technique.

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.

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 a 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 obligations, rather than the financial instrument's legal form.

All loans, investments and short term deposits held by the College are classified as basic financial instruments in accordance with FRS102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the College has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Provisions and contigent 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.

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

A contingent liability arises from a past event that gives the College a possible obligation whose existance 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 bw made but either it is not probable than an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

Agency Arrangements
The College acts as an agent in the collection and payment of discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Judgements in applying accounting policies and key source 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 a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the College tangible assets. Factors taken into consideration in reaching such a decision include the 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 expected future performance of that unit.

Other Key sources of estimation uncertainty

- Tangible fixed assets

Tangible fixed assets are depreciated over their estimated 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 assets and projected disposal values.

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions.
The assumptions used in determining the net cost for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, 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 liability at 31 July 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation, which is currently being performed would impact on the carrying amount of the pension liability.

2 FUNDING BODY GRANTS

	2016 £	2015 £
Funding body-Recurrent grant	16,274,202	15,960,380
Funding body -Non recurrent grants	-	270,672
Release of Deferred Capital Grants	273,064	247,887
	16,547,266	**16,478,939**

3 TUITION FEES AND EDUCATION CONTRACTS

	2016 £	2015 £
Tuition fees	1,346,487	1,285,470
Education Contracts	-	-
	1,346,487	**1,285,470**

Tuition fees funded by bursaries

4 OTHER INCOME

	2016 £	2015 £
Catering and boarding operations	1,912,979	1,737,726
Income designated for specific outings and projects	1,369,134	1,188,617
Other income generating activities	193,526	197,119
Other income	135,864	137,083
	3,611,503	**3,260,545**

5 INVESTMENT INCOME

	2016 £	2015 £
Other investment income	1,457	1,583
Other interest receivable	20,562	16,444
	22,019	**18,027**

6 DONATIONS AND ENDOWMENTS

	2016	2015
	£	£
Expendable Endowment	292,849	-

This endowment represents a bequest from the Estate of the late Robert Hirst deceased. The funds are restricted to the support of students going on to study three dimensional design.

7 STAFF COSTS

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

	2016	2015
	Number	Number
Teaching staff	198	197
Non teaching staff	138	142
	336	**339**

Staff costs for the above persons	2016	2015
	£	£
Wages and salaries	11,432,703	11,259,278
Social security costs	829,422	706,235
Other pension costs including FRS102 adjustments of £190,980 (2014/15 £110,177)	1,936,035	1,635,087
	14,198,160	**13,600,600**

Key management personnel

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Senior Management Team which comprises the Accounting Officer, the Vice Principal, the Deputy Principal (Students) and the Assistant Principal (Quality).

Emoluments of Key management personnel, Accounting Officer and other higher paid staff

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

Key management personnel

The number of key management personnel and other staff who received annual emoloments, excluding pension contributions but including benefits in kind, in the following ranges was:

	2016 No.	2015 No.
£50,001 to £60,000	1	1
£60,001 to £70,000	1	1
£80,001 to £90,000	1	1
£120,001 to £130,000	1	1
	4	4

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

	2016	2015
Key management personnel compensation is made up as follows:	£	£
Salaries	333,672	330,369
Employers National Insurance	38,415	36,512
Benefits in kind	2,550	2,337
	374,637	369,218
Pension contributions	54,335	46,582
Total Key management personnel compensation	428,972	415,800

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

The above compensation includes amounts payable to the Accounting Officer (who is also the highest paid officer) of:

	2016	2015
Salary	127,407	126,146
Employers National Insurance	15,687	15,138
Benefits in kind	850	779
	143,944	142,063
Pension contributions	20,748	17,787

The pension contributions in respect of the Accounting Officer and key management personnel 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.

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

No member of the Corporation or senior post-holder incurred costs during 2015/16 in respect of overseas activities. (In 2014/15 a visit to the Falklands Islands by the Deputy Principal (Students) with a total cost to the College of £1,562.)

8 OTHER OPERATING EXPENSES

	2016 £	2015 £
Teaching departments	777,479	646,666
Teaching support services	566,230	725,676
Other support services	1,722	(13,758)
Administration and central services	601,887	531,403
General education expenditure	941,644	922,142
Outings and projects financed by designated receipts	1,369,134	1,188,617
Premises costs: Running costs	757,622	749,185
Premises costs: Maintenance	507,368	747,973
Premises costs: Rents and Leases	1,215	1,194
Catering and boarding operations	855,349	824,216
	6,379,650	**6,323,314**

Other operating expenses include:		
Auditors' remuneration		
Internal audit	13,260	12,000
Financial statements audit	15,130	12,942
Regularity audit	1,250	1,200
Other assurance services provided by the financial statements auditors	1,596	1,548
Hire of other assets - operating leases	58,660	49,809

9 INTEREST AND OTHER FINANCE COSTS

	2016 £	2015 £
On Bank loans, overdrafts and other loans;		
Repayable wholly or partly in more than five years	8,790	10,274
Pension finance costs (note 20)	140,369	140,664
	149,159	**150,938**

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
	£	£	£	£
Cost or valuation				
At 1 August 2015	1,496,907	22,279,675	3,312,345	27,088,927
Commisioning/Transfers	(1,603,289)	1,426,192	177,097	-
Additions	106,382	38,623	75,534	220,539
Disposals	-	-	(25,372)	(25,372)
At 31 July 2016	**-**	**23,744,490**	**3,539,604**	**27,284,094**
Depreciation				
At 1 August 2015	-	5,345,204	2,569,253	7,914,457
Charge for year	-	558,341	359,750	918,091
Eliminated in respect of disposals	-	-	(25,372)	(25,372)
At 31 July 2016	**-**	**5,903,545**	**2,903,631**	**8,807,176**
Net book value at 31 July 2016	**-**	**17,840,945**	**635,973**	**18,476,918**
Net book value at 1 August 2015	1,496,907	16,934,471	743,092	19,174,470

If fixed assets had not been revalued before being deemed as cost on transition, they would have been included at cost and depreciation of £nil.

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 reserves. This applies to the Land occupied by the College which is held in trust (Christes Hospital School Foundation Winchester).The land is held at the existing basis valution as at the date of incorporation, with this being treated at deemed cost in line with FRS102 Section 35.

12 INVESTMENTS

	2016	2015
	£	£
Investments in marketable securities		
At 1 August	54,899	59,444
4% consolidated stock Redemption	-	(5,996)
Increase in Market Value	624	1,451
At 31 July	**55,523**	**54,899**

13 DEBTORS

	2016	2015
	£	£
Amounts falling due within one year		
Trade debtors	3,344	14,446
Prepayments and accrued income	283,465	255,431
	286,809	**269,877**

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Bank Loans	129,724	128,160
Payments received in advance	968,435	855,816
Trade creditors	464,382	740,502
Other taxation and social security	265,013	235,755
Accruals	451,304	412,097
Deferred Income-Government revenue Grants	99,321	86,231
Deferred Income - Government capital Grants	273,064	273,064
Short term employee benefit accrual	695,032	681,605
	3,346,275	**3,413,230**

Included in payments received in advance are boarding fees received in advance of £242,700 (2014/15: £206,295) 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

	2016	2015
	£	£
Bank Loans	697,231	826,853
Deferred Income - Government capital Grants	5,783,207	6,056,271
Payments received in advance (Falkland Island Boarding Fees) in respect of boarding fees covering periods beyond next year.	570,345	813,045
	7,050,783	**7,696,169**

16 BORROWINGS

	2016	2015
	£	£
Bank loans and overdrafts		
Bank Loans are unsecured and repayable as follows		
In one year or less	129,724	128,160
Between one and two years	130,700	129,447
Between two and five years	398,027	396,188
Over 5 years	168,504	301,218
Total	826,955	955,013

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

17 PROVISIONS

	Enhanced pensions	Defined benefit obligations	Total
	£	£	£
At 1 August 2015	16,031	4,400,000	4,416,031
Expenditure in the period	(809)	(520,000)	(520,809)
Additions in the period	980	2,640,000	2,640,980
At 31 July 2016	16,202	6,520,000	6,536,202

Defined benefit obligations relate to the liabilities under the College's membership of the local Government pension scheme. Further details are given in Note 20.

The enhanced pension provision relates to the cost of staff who have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date.This provision has been recalculated in accordance with guidance issued by the funding bodies.

18 CASH AND CASH EQUIVALENTS

	At 1 August 2015	Cash flows	Other Changes	At31 July 2016
	£	£	£	£
Cash and cash equivalents	5,021,144	509,623	-	5,530,767
Overdrafts	-	-	-	-
Total	5,021,144	509,623	-	5,530,767

19 FINANCIAL INSTRUMENTS

	2016	2015
	£	£
<u>Financial Assets</u>		
Debt Instruments measured at fair value through the profit and loss	55,523	54,899
Debt Instruments measured at amortised cost	3,344	14,446
	58,867	69,345
<u>Financial Liabilities</u>		
Financial Liabilities measured at amortised cost	3,976,453	4,458,078

20 Defined benefit 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 multi-employer 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 employeee contributes at least 3%.

Total pension cost for the year	2016 £	2015 £
Teachers Pension Scheme:contributions paid	1,229,979	1,048,840
Local Government Pension Scheme: contributions paid	510,794	469,910
FRS102 Excess Service Costs	190,000	110,000
Enhanced pension charge	980	177
AEGON Defined Contribution Scheme	4,282	6,160
Total pension cost for the year	**1,936,035**	**1,635,087**

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 of the LGPS 31 March 2013.
Contributions amounting to £220,999 (2015 £206,542) were payable to the schemes at 31st July and are included within 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 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 provide 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 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 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.

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 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 commenced on 1 April 2015.

The pension costs paid to TPS in the year amounted to £1,229,979 (2015;£1,048,840)

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 FRS102 and has accounted for its contributions to the scheme as if it were a defined contribution plan. 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 £708,570, of which employer's contributions totalled £510,794 and employees contributions totalled £197,776. The agreed contribution rates for next year are a fixed figure of £151,300 p.a plus 13.1% -(broadly equivalent to 19.1%)for employers and between 5.5% and 12.5% for employees, depending on salary.

Principal Actuarial Assumptions

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

	At 31 July 2016	**At 31 July 2015**
Rate of increase in salaries	3.3%	3.6%
Future pension increases	1.8%	2.1%
Discount rate for scheme liabilities	2.4%	3.6%
inflation assumption (CPI)	1.8%	2.1%

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

	At 31 July 2016	**At 31 July 2015**
Retiring today		
Males	24.6	24.5
Females	26.4	26.3
Retiring in 20 years		
Males	26.7	26.6
Females	28.7	28.6

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

	Fair value July 2016	**Fair value July 2015**
	£ '000	£ '000
Equities	5,381	4,576
Property	702	653
Government bonds	2,496	2,054
Corporate bonds	171	135
Cash	493	263
Other	247	279
Total fair value of plan assets	9,490	7,960
Actual return on plan assets	1,030	780

The amount included in the balance sheet in respect of the defined benefit pension plan and enhanced pensions benefits as as follows:

	2016	2015
	£ '000	£ '000
Fair value of plan assets	9,490	7,960
Present value of plan liabilities	(16,026)	(12,376)
Net pensions Liability	(6,536)	(4,416)

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

Amounts included in staff costs

Current service cost	710	580
Past service cost	0	0
Pension costs	710	580

Amounts included in interest and other Finance costs

Net interest cost	140	140
	140	140

Amount recognised in Other Comprehensive Income

Return on pension plan assets	730	490
Experience losses arising on defined benefit obligations	(2,520)	(880)
Amount recognised in Other Comprehensive Income	(1,790)	(390)

Movement in net defined benefit Liability during year

Net defined benefit (liability)/asset in scheme at 1 August	(4,416)	(3,776)
Movement in year:		
current service cost	(710)	(580)
Employer contributions	520	470
Past service cost	0	0
Net interest on the defined liability	(140)	(140)
Actuarial loss	(1,790)	(390)
Net defined benefit liability at 31 July	(6,536)	(4,416)

Asset and Liability Reconciliation

Defined benefit obligations at 1 August	12,376	10,626
Service cost	710	580
Interest cost	440	430
Employee contributions	200	210
Actuarial Loss	2,520	880
Benefits paid	(220)	(350)
Liabilities at 31 July	16,026	12,376

Changes in fair value of plan assets	2016	2015
	£ '000	£ '000
Fair value of plan assets at 1 August	7,960	6,850
Interest on plan assets	300	290
Actuarial gain	730	490
Employer contributions	520	470
Employee contributions	200	210
Benefits paid	(220)	(350)
Fair value of plan assets at 31 July	9,490	7,960

	2016	2015
21 CAPITAL COMMITMENTS	£	£
Capital expenditure that has been contracted for at the year-end but has not been provided for in the financial statements:	214,156	64,800

22 FINANCIAL COMMITMENTS

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

	2016	2015
	£	£
Other		
Expiring within one year	49,602	47,316
Expiring within two and five years inclusive	70,388	105,236
Total for remainder of leases	119,990	152,552

23 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 £935 (2014/15 £834)
The total number of Governors concerned was 21 (2014/15 : 16)
This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College during this or last year.

24 AMOUNTS DISBURSED AS AGENT

	2016	2015
	£	£
Funding Body Grants and bursaries	188,531	216,468
Less:		
Disbursed to Students	(179,910)	(167,821)
Administration	(8,621)	(8,854)
Balance unspent at 31 July included in creditors	**-**	**39,793**

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 Statement of Comprehensive Income, other than for the 5% of the grant received which is available to the College to cover administration costs relating to the grant.

25 TRANSITION TO FRS102 and the 2015 FE HE SORP

The year ended 31st July 2016 is the first year that the College has presented its financial statements under FRS102 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 31st July 2015 and the date of transition to FRS102 and the 2015 FE HE SORP was therefore 1st August 2014.
As a consequence of adopting FRS102 102 and the 2015 FE HE SORP, a number of accounting policies have changed to comply with these standards.

An explanation of how the transition to FRS102 and the 2015 FE HE SORP has affected the College's financial position, financial performance and cash flows, is set out below.

	Note	31st July 2015 £	1st August 2014 £
Financial Position			
Total reserves under previous SORP		7,078,709	7,332,459
Employee leave accrual	a)	(681,605)	(681,605)
Release of non-government capital grants	b)	2,652,710	2,680,388
Total effect of transition to FRS102 and 2015 FE HE SORP		1,971,105	1,998,783
Total reserves under 2015 FE HE SORP		9,049,814	9,331,242

Financial performance		**Year ended 31st July 2015** £
Surplus for the year after tax under previous SORP		266,250
Employee leave accrual	a)	-
Release of non-government grants received	b)	-
Reversal of capital grants amortisation	b)	(27,678)
Pensions provision- actuarial loss	d)	(390,000)
Changes to measurement of excess service charge		(20,000)
Changes to measurement of net finance cost on defined benefit plans	c)	(110,000)
Total effect of transition to FRS 102 and 2015 FE HE SORP		**(547,678)**
Total comprehensive income for the year under 2015 FE HE SORP		**(281,428)**

a) Recognition of short term employment benefits

No provision for short term benefits such as holiday pay was made under the previous UK GAAP. Under FRS102 the costs of short term employee benefits are recognised as a liability and an expense. The annual leave year runs to 31st August each year for both teaching and non-teaching staff,although teachers and term time only staff do not get holidays as such- their working pattern is dictated by attendance not by absence. At the reporting date, the College still owed those staff for august salary even though they did not return until the 30th August .In addition, certain non-teaching employees are entitled to carry forward up to 5 days of any unused holiday entitlement at the end of the leave year. The cost of any unused entitlement is recognised in the period in which the employee's services are received. An accrual of £681,605 was recognised at 1 August 2014, and at 31 July 2015, This increases to £695,032 at 31 July 2016 recognising the increased employers national insurance costs.

b) Non-government grants accounted for under performance model

The College has previously been in receipt of certain capital grants from sources other than those classified as "government" under FRS102 and the 2015 FE HE SORP.Under the previous UK GAAP and 2007 SORP, these were able to be capitalised and amortised over the remaining useful ecenomic life of the relevant fixed assets. This accounting treatment is no longer available for non-government grants and the grants have therefore been accounted for under the performance model and treated as if they had been credited to Comprehensive Income immediately that the performance conditions had been met. A corresponding adjustment has been made to the income recognised in the 2015 results that related to the annual amortisation of the capital grants involved.

c) Change in recognition of defined benefit plan finance costs

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

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

Actuarial gains and losses on the College's defined benefit plans were previously presented in the Statement of Total Recognised Gains and Losses (STRGL), a separate statement to the Income and Expenditure account. All such gains and losses are now required under FRS102 to be presented within the Statement of Comprehensive Income, as movements in Other Comprehensive Income.

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 10 November 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 Peter Symonds College during the period 1 August 2015 to 31 July 2016 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 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 1 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 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 1 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.

RSM UK AUDIT LLP **19th December 2016**

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