

PETER SYMONDS COLLEGE

ANNUAL REPORT

FOR THE YEAR ENDED 31 JULY 2011

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Operating and Financial Review

NATURE, OBJECTIVES AND STRATEGIES :

The members present their report and the audited financial statements for the year ended 31 July 2011.

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Peter Symonds College. The College is an exempt charity for the purposes of the Charities Act 1993 as amended by the Charities Act 2006 and is not liable to corporation tax.

Mission

Governors reviewed the College's mission during 2009/10 and in May 2010 adopted revised vision and mission statements as follows:

Mission statement:

Peter Symonds College aims to offer a broad choice of courses for 16- 19 year olds of a wide range of academic abilities within Winchester and beyond. However, its primary focus for this age group is advanced level work, reflecting the high levels of ability and attainment in local schools.

It is the only sixth form college nationally to offer boarding places, frequently to those in forces' schools abroad, but also to nationals of the Falkland Islands. We pride ourselves on the safe, supportive and professional environment that we create for our boarders and we aim to maintain our standards of excellence.

We recognise that adults and young people have differing needs, aspirations and interests. Accordingly, Peter Symonds College has separate and distinct arrangements for the management, teaching, guidance and support, for each age group. This is in line with the government's Principles underpinning the organisation of 16-19 provision.

Peter Symonds College seeks to equip its students not only to succeed in the short term, but to recognise their longer term potential. The Adult Continuing Education Division of the college has a particular focus on Train to Gain and increasing access to those without Skills for Life, full level 2 and 3 qualifications. It also seeks to work with employers to raise skills levels in the workplace and develop progression routes to Higher Education.

Vision: 'Counting in Ones'

Key to our vision are high expectations.

We aim to raise achievement and provide a safe, supportive environment where individuals can grow in confidence and fulfil their potential. We also have high expectations in the development of vocational skills.

'Counting in Ones' is central to the ethos of the college and is our motto. Each learner is unique, an individual with his or her own needs and aspirations.

Peter Symonds College values individuals, responds to learning needs, and seeks the highest quality in all it does.

Implementation of strategic plan

In May 2011 the College adopted a strategic plan for the period 2011 to 2014. The Corporation monitors the performance of the College against this plan through its Curriculum and Quality Committee. The plan is reviewed and updated each year. The College's strategic aims and objectives are:

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 an ethos of high expectations with regard to performance and achievement.
- 1.2. To prepare learners effectively for higher education, the workplace and life in the community, as appropriate.

2. Teaching and Learning

Strategic Aim:

To enhance learning through teaching that inspires and challenges and that raises achievement.

Strategic Objectives:

- 2.1. To improve continuously the quality of teaching and learning.
- 2.2. To promote and support learning within and outside the classroom.
- 2.3. To develop and apply Information Communications Technology in an innovative way to deliver and support learning.

3. Resources

Strategic Aim:

To ensure physical resources and staffing are effective in supporting teaching, learning and helping learners succeed.

Strategic Objectives:

- 3.1. To recruit and retain staff of high calibre who will respond to the challenges of the curriculum and the needs of individual students.
- 3.2. To invest in our staff via high quality training and staff development.
- 3.3. To make best use of current accommodation and plan effectively for the future development of the college estate and learning environment.
- 3.4. To maintain and improve our equipment, including the ICT infrastructure, to meet the needs of the curriculum, its support services and the requirements of the college's health and safety policy.
- 3.5. To continue to monitor and improve access to sites and buildings for students with disabilities.
- 3.6. To procure, deploy and dispose of resources with due regard for sustainability and environmental issues. (See 8.6)

4. Assessment and Monitoring of Progress

Strategic Aim:

To assess, monitor and report on learners' progress in a fair and rigorous manner so as to inform planning and enhance success.

Strategic Objectives:

- 4.1. To ensure assessment and monitoring of progress are regular, rigorous and fair.
- 4.2. To use initial and formative assessment of learners' progress to inform planning and support learners in setting their own goals.
- 4.3. To report regularly and clearly to learners on their progress, and to parents or employers, when appropriate.

5. The Curriculum

Strategic Aim:

To provide the courses that match learners' needs, aspirations and potential.

Strategic Objectives:

- 5.1. To identify and respond to the individual learning needs of potential full-time 16-18 year old students within the 'travel to college' area.
- 5.2. To meet the educational and training needs of the local community.
- 5.3. To collaborate with other providers and agencies for the benefit of learners, to provide an appropriate curriculum and progression.
- 5.4. To maintain a broad and balanced 'programme of enrichment curriculum' that meets the needs of full-time learners.
- 5.5. To increase the capacity of the college to identify and meet the needs of the local workforce and employers.
- 5.6. To plan an effective response to curriculum change both for adults and 16-18 year olds.

6. Guidance and Support

Strategic Aim:

To provide all learners with effective information, advice, guidance and support, to safeguard welfare, to promote personal development and to help them achieve their goals within and beyond the college.

Strategic Objectives:

- 6.1. To develop the quality of information, advice, guidance and support for individual students, including careers education and guidance.
- 6.2. To liaise effectively with partner schools to provide additional specialist guidance and support for students with learning difficulties and disabilities.
- 6.3. To ensure equality of opportunity for all learners (see also 8.5).
- 6.4. To ensure our boarding provision is outstanding.

7. External Environment

Strategic Aim:

To take account of external opportunities and threats to benefit the college and its learners whilst retaining its ethos and core values.

Strategic Objectives:

- 7.1. To anticipate, influence and respond to relevant Government policy and its funding implications at central and local level.
- 7.2. To implement an effective risk management policy so as to foresee major challenges to the College in maintaining or improving its educational provision.
- 7.3. To liaise and collaborate with external agencies to the benefit of the college, its students, and the local community which it serves.

8. Leadership and Management

Strategic Aim:

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

Strategic Objectives:

- 8.1. To promote a college-wide culture of reflective practice and continuous improvement to build on our high achievements.
- 8.2. To review college performance, using appropriate targets and standards and feedback from learners, to build on strengths and respond to weaknesses effectively.
- 8.3. To plan and manage student numbers, recognising the constraints of accommodation and staffing.
- 8.4. To lead and motivate staff to fulfil the strategic objectives of the college, ensuring that communications are effective.
- 8.5. To be pro-active in ensuring equality of opportunity for staff (see also objective 6.3).
- 8.6. To deploy resources in an effective and efficient way. (See 3.6)

- 8.7. To optimise college income from a variety of sources whilst ensuring that the college conducts its affairs with probity and with due regard to public accountability and the financial health of the college.
- 8.8. 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.
- 8.9. To improve college information systems to support staff and students
- 8.10 To provide sound governance.

The College is on target for achieving these objectives.

Performance indicators

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

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

The Skills Funding Agency also publishes performance indicators in the “Framework for Excellence” summary including:

- Survey Indicators
- Success Rates
- Financial Indicators

The latest Framework for Excellence summary available is for 2009-2010 and the information is incomplete.

FINANCIAL POSITION

Financial results

The College generated an operating surplus in the year of £591,172 (2009/10 surplus as restated of £856,396). The College has accumulated general reserves of £4,280,884 including pension reserve, (2009/10: £3,927,563), and cash and short term deposit balances of £4,436,736 (2009/10: £3,050,282)

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers 2010-2011

	Plan	Actual	%
Learner Responsive 16 – 18	3140	3266	104%
Learner Responsive 19+	1150	754	66%
Employee Responsive	534	310	58%

Funding Generated vs. Plan 2010 -2011

Category	Plan	Actual excl ALS	% of Plan
16-18 Learner Responsive	£14,680,624	£15,223,096	103.7%
Adult Learner Responsive	£601,679	£780,307	129.7%
Employer Responsive	£304,244	£130,306	42.8%
Adult Safeguarded Learning	£21,000	£21,000	100%
6 Month Unemployed	£52,840	£45,050	85.3%
Total Adult Funding	£905,923	£910,614	100.5%
Total Funding	£15,660,387	£16,199,761	103.4%
Totals	Plan	Actual Incl ALS	% of Plan
Total Funding including Additional Learning Support	£16,058,930	£16,569,361	103.2%

In 2010 -2011, the College received no funding for £510,431 worth of the work it did for the government. The College received £231,309 commercial income from learning.

Students’ Achievements 2010-2011

	Starts	16-18 Success rate (%)	National Rate (%-SFC)	Difference	Starts	19+ Success rate (%)	National Rate (%-SFC)	Difference
Long Level 1	5	40	79	-39	154	72	64	8
Long Level 2	270	79	83	-4	218	76	72	4
Long Level 3	14167	90	85	5	179	80	74	6
Long Level H	-	-	-	-	28	82	64	18
All Long	14442	90	84	6	579	77	71	6
Short	309	72	89	-17	292	85	76	9
Very Short	12	83	-	-	56	95	94	1

Overall, long course success rates were significantly above national rates. This is true at all levels 19+ and for the large majority of enrolments 16-18. Level 2 success rates 16-18, with 270 enrolments, were 4% below the national rate in 2011. A full review of Level 2 provision is planned for 2011. It is noteworthy that the success rate on higher education courses 19+ (Level H) was 18% above the national rate.

Curriculum Developments

The College is thought to be the largest ‘A’ level provider nationally.

The Extended Project

In 2008/09 we introduced the extended project as a freestanding qualification. It involves some ‘up-front’ teaching of relevant skills, but it is largely independent study supported by mentoring and supervision of the students’ progress. This provision grew successfully in 2010/11.

Students are required to:

- choose an area of interest
- draft a project title and aims
- plan, research and carry out the project
- provide evidence of all stages of project production
- deliver a presentation

- reflect on and evaluate the process

The project may be a 5,000 word essay. It can also be an artefact, DVD, play, or similar, supported by a shorter essay of at least 1,000 words.

The assessment focuses on management and planning (20%), using resources (20%), developing and realising the project / achieving planned outcomes (40%) and review (20%). Great emphasis is placed on 'process' rather than 'product'.

Foundation Degrees

The college now has validated foundation degrees in counselling, education and sport. Funds from the Mercers' Livery Company helped fund development costs. The degrees are validated through Middlesex University. The counselling degree is now to full BA, rather than just the initial two years of a foundation degree. Recruitment to foundation degrees has risen from 36 in 2010 to 97 in 2011.

RESOURCES:

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 45 of the register, indicating the large number of revisions made.

There was a full staff consultation on what internal weaknesses and external threats may prevent us from achieving our strategic objectives.

Introduction and context

1. The College's Risk Management Policy was approved by the Board in July 2002. It was reviewed and amended in July 2004 to make the board's overall approach to risk more explicit and to clarify the role of the audit committee. The policy was reviewed again in June 2006, June 2008, June 2010 and June 2011. 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, members of the Audit Committee 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

- Self assessing risk management against the Learning and Skills Council good practice checklist

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, with planned efficiency gains;
- 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 is 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/ Regional Development Agencies;
- The local community;
- Other FE and HE institutions;
- Trade unions;
- Professional bodies.

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

Equal opportunities and employment of disabled persons

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

Our recruitment procedures reflect our commitment to equality of opportunity. Our Single Equality Scheme sets out our objectives to address the statutory duties in:

- Race Relations (Amendment) Act 2000;

- Disability Discrimination Act 2005;
- Equality Act 2006
- The Equality Act 2010

The Single Equality Scheme contains the Race, Disability and Gender Equality Schemes. Related action plans are contained in the College's operational plan. The Single Equality Scheme embraces all nine protected characteristics including race, gender, disability, age, sexual orientation, religion or belief, pregnancy and maternity, marriage and civil partnership and gender re-assignment.

The College considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees. The College has a disability equality scheme and associated action plan relating both to learners and employees. This is monitored by managers and governors.

Disability statement

In accordance with the Disability Discrimination Act 1995 as updated by the special Education Needs and Disability Acts 2001 and 2005, the College has a disability statement (a full copy of which is available on request). In our statement we outline the provision we make for students with physical, hearing or sight impairments and for those with specific learning difficulties. The College has a well-qualified team of specialist teachers and study support assistants, study advisors and a dedicated Study Support Department. A continuous programme of staff development ensures that all teachers are aware of the needs of students who require additional learning support. There is an inventory of specialist equipment which the College can make available for use by students. All new buildings on the campus are designed with the needs of those who have mobility difficulties in mind. As part of the College property strategy, the aim is, where it is practically possible, for all buildings to become accessible to people with a disability. In December 2006 we published a Disability Equality Scheme in accordance with our duties under the Disability Discrimination Act 2005.

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:

J Horn [Chair]

Date

12th Dec 2011

PROFESSIONAL ADVISERS

Financial Statement & Regularity Auditors	RSM Tenon Audit Limited Vantage Victoria Street Basingstoke Hampshire RG21 3BT
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Internal Auditors	Hampshire Audit Service Hampshire County Council The Castle Winchester Hampshire SO23 8UB
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Bankers	Lloyds TSB 49 High Street Winchester Hampshire SO23 9BU
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Solicitors	Blake Laphorn 19 St Peter Street Winchester Hampshire SO23 8BU
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PETER SYMONDS COLLEGE

The members who served the corporation during the academic year 10/11 are:

Name	Date of Appointment	Status	Committees
Mrs J Horn	19 05 08*	Chair of Governors	Personnel Policy & Resources Curriculum &QA Search & Governance Remuneration
Mr S P Kelly	27 03 10*	Vice Chair of Govs	Chair of Policy & Resources Estates Remuneration
Mr J Beames	09 12 08*	Foundation Governor	Audit
Mrs P Billington	15 05 09*	Independent Governor	Chair of Personnel Search Policy & Resources Remuneration
Mrs E Bolton	14 07 10*	Independent Governor	Personnel Search & Governance
Mrs R Brockman	4.10.10*	Foundation Governor	Personnel
Miss L Evans	7.02.11	Parent Governor	Estates Curriculum &QA
Mrs G Gardiner	17 05 10*	Staff Governor	Search Estates
Mr N A Hopkins		Principal-ex officio	
Mr W Jackson	21.05.11	Student Governor	
Mr T North	17 05 10	Student Governor (term ended 16.05.10)	
Miss A Palmer	1.11.10		Curriculum &QA
Mr G Parkin	08 02 10		Audit
Rev. Canon R Riem	05 10 10*	Foundation Governor	Chair of Search & Governance
Mr T Rogerson	06 10 08		Chair of Audit Estates
Mr Z Sachak	29 03 10	Parent Governor	Audit Curriculum &QA
Mr C Scott	28.03.11*		Chair of Curric&QA Policy and Resources
Miss R Shadmand	7.02.11	Student Governor	
Mrs A Storey	13 07 09		Estates Curriculum &QA
Mr R Vasaiwalla	29 03 10	Student Governor	
Mr B D Welch	11 07 09**		Chair of Estates Policy & Resources Remuneration
Mrs J West	13.12.10	Parent Governor	Curriculum &QA

*indicates that the Governor has served a previous term of office. The date shown is the beginning of the current term. All terms of office are for four years, other than for the Student Governor whose term is for one year. In addition those who have served more than three terms can only be reappointed on the basis that the reappointment is reviewed after one year (marked by **).

Governors may attend meetings for committees of which they are not members.

Clerk to the Governors, Mrs H Walsh.

J Horn (Chair)

12th December 2011

Corporate Governance Statement incorporating Statement of Internal Control

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in the UK Corporate Governance code issued by the London Stock Exchange in June 2010.

Its purpose is to help the reader of these accounts understand how the principles have been applied.

In the opinion of the governors, the College complies with all the provisions of the Code so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2011.

The Corporation

The composition of the Corporation is set out on page 11. 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 twice a term.

The Corporation conducts its business through a number of Committees. Each Committee has terms of reference, which have been approved by the Corporation. These Committees are 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: The Assistant Principal (Bursar), 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 twice each term, and in review of specific responsibilities such as Health and Safety.

Appointments to the Corporation

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

Members of the Corporation are appointed for a term of office not exceeding four years, other than for the Student Governor whose term is for one year.

Remuneration Committee

Throughout the year ending 31 July 2011, the College's remuneration Committee comprised five members of the Corporation.

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

Details of remuneration for the year ended 31 July 2011 are set out in Note 8 to the financial statements.

Audit Committee

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

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal, regularity and financial statements auditors, who have access to the Committee for independent discussion without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies , as they affect the College's business.

The College's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input, and report their findings to management and the Audit Committee.

Management is responsible for the implementation of agreed audit recommendations, and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

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

Internal Control

Scope of Responsibility

The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

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

The 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 2011 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 2011 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 College has an internal audit service, which operates in accordance with the requirements of the Learning and Skills Council's Audit Code of Practice. The internal auditors of the College are Hampshire Audit Services. 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 minimum annually, the Head of Internal Audit provides the governing body with a report on internal audit activity in the College. The report includes the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of Effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. The Principal's review of the effectiveness of the system of internal control is informed by:

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

The Principal has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Audit Committee which oversees the work of the internal auditor, and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its meeting today, the Corporation reviewed the effectiveness of the system of internal control for the year ended 31 July 2011 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2011.

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 Dec 2011 and signed on its behalf by:

J Horn (Chair)

N A Hopkins (Principal)

STATEMENT OF THE RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

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

In preparing the financial statements the Corporation is required to:

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

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

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and 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/YPLA are used only in accordance with the financial memorandum with the Skills Funding Agency/YPLA 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/YPLA are not put at risk.

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

J Horn (Chair)

12th December 2011

Independent auditor's report to the Corporation of Peter Symonds College

We have audited the College financial statements ("the financial statements") of Peter Symonds College for the year ended 31 July 2011 set out on pages 19 to 40. The financial reporting framework that has been applied in their preparation is applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

We have audited the financial statements of Peter Symonds College for the year ended 31st July 2011 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement the Statement of Total Recognised Gains and Losses, and the related notes. The financial framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Corporation, as a body, in accordance with the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Members of the Corporation and auditors

As explained more fully in the statement of the responsibilities of the Members of the Corporation set out on page 16, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Corporation; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the College's affairs as at 31 July 2011 and of the College's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions

Opinion on other matters prescribed by the revised Joint Audit Code of Practice (Part 1) issued jointly by the Skills Funding Agency and the YPLA and the Audit Code of Practice issued by the Learning and Skills Council

In our opinion:

- proper accounting records have been kept, and
- the financial statements are in agreement with the accounting records.

RSM Tenon Audit Limited
Statutory Auditor
Vantage, Victoria Street
Basingstoke
Hampshire
RG21 3BT

Date 16th Dec 2011

Independent Auditors' Report on Regularity to the Corporation of Peter Symonds College ('the Corporation') and the Young People's Learning Agency

In accordance with the terms of our engagement letter and further to the requirements of the Young People's Learning Agency, we have carried out a review to obtain assurance about whether, in all material respects, the expenditure and income of Peter Symonds College ('the College') for the year ended 31 July 2011 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Corporation and the Young People's Learning Agency. Our review work has been undertaken so that we might state to the Corporation and the Young People's Learning Agency those matters we are required to state to it 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 and the Young People's Learning Agency, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of the Members of the Corporation of Peter Symonds College and Auditors

The College's Corporation is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations, for ensuring that expenditure and income are applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the Audit Code of Practice and the Regularity Audit Framework issued by the Young People's Learning Agency. We report to you whether, in our opinion, in all material respects, the College's expenditure and income for the year ended 31 July 2011 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Basis of opinion

We conducted our review in accordance with the Audit Code of Practice and the Regularity Audit Framework issued by the Young People's Learning Agency. Our review includes examination, on a test basis, of evidence relevant to the regularity and propriety of the College's income and expenditure.

Opinion

In our opinion, in all material respects the expenditure and income for the year ended 31 July 2011 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

RSM Tenon Audit Limited
Registered Auditor

Date 16th Dec 2011

Vantage, Victoria Street
Basingstoke
Hampshire
RG21 3BT

PETER SYMONDS COLLEGE

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 JULY 2011

	Notes	2011 £	2010 as restated £
Income			
Funding Body Grants	2	16,089,659	16,066,924
Tuition Fees and Education Contracts	3	562,913	571,701
Other Income	4	2,568,576	1,709,208
Investment Income	5	29,189	19,107
Total Income		<u>19,250,337</u>	<u>18,366,940</u>
Expenditure			
Staff Costs	6	12,737,429	12,448,081
FRS 17 past service costs	7	–	(740,000)
Other Operating Expenses	9	5,233,167	5,013,129
Depreciation	12	604,376	612,221
Interest and other finance costs	10	85,293	177,113
Total Expenditure		<u>18,660,265</u>	<u>17,510,544</u>
Surplus on continuing operations after depreciation of assets at valuation and tax		<u>590,072</u>	<u>856,396</u>
Profit on Disposal of Assets		1,100	–
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax		<u>591,172</u>	<u>856,396</u>

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

STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS
FOR THE YEAR ENDED 31 JULY 2011

	Notes	2011 £	2010 as restated £
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax		591,172	856,396
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	19	114,463	114,463
Historical cost Surplus for the year after taxation		<u>705,635</u>	<u>970,859</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 JULY 2011

	Notes	2011 £	2010 as restated £
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax		591,172	856,396
Actuarial (loss) in respect of pension scheme		(350,000)	(150,000)
Total recognised Gains relating to the period		<u>241,172</u>	<u>706,396</u>
Reconciliation			
Opening reserves		6,568,391	5,861,995
Total recognised Gains for the year		241,172	706,396
Closing reserves		<u>6,809,563</u>	<u>6,568,391</u>

PETER SYMONDS COLLEGE

BALANCE SHEET AS AT 31 JULY 2011

	Notes	2011 £	2010 £
Fixed assets			
Tangible assets	12	14,431,440	14,755,263
Investments	13	51,186	48,823
		<u>14,482,626</u>	<u>14,804,086</u>
Current assets			
Stock		51,179	73,289
Debtors	14	237,991	224,031
Short term deposits		2,532,337	1,513,199
Cash at bank and in hand		1,904,399	1,537,083
		<u>4,725,906</u>	<u>3,347,602</u>
Creditors: amounts falling due within one year	15	2,779,261	2,183,648
Net current assets		<u>1,946,645</u>	<u>1,163,954</u>
Total assets less current liabilities		16,429,271	15,968,040
Creditors: amounts falling due after more than one year	16	1,569,347	1,743,251
Net assets excluding pension liability		<u>14,859,924</u>	<u>14,224,789</u>
Net pension liability	21	(2,814,426)	(2,424,000)
Net assets including pension liability		<u>12,045,498</u>	<u>11,800,789</u>
Deferred capital grants	18	5,235,934	5,232,398
Reserves			
General reserve excluding pension reserve	20	7,095,311	6,351,563
Pension reserve		(2,814,426)	(2,424,000)
General reserve including pension reserve		<u>4,280,885</u>	<u>3,927,563</u>
Restricted reserve	20	51,674	49,361
Revaluation reserve	19	2,477,004	2,591,467
Total reserves		<u>6,809,563</u>	<u>6,568,391</u>
		<u>12,045,498</u>	<u>11,800,789</u>

The financial statements on pages 19 to 40 were approved by the Corporation on 12th December 2011 and were signed on its behalf by:

J Horn(Chair) 12th December 2011

N A Hopkins (Principal) 12th December 2011

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2011

	Notes	2011 £	2010 £
Cash inflow from operating activities	22	1,711,844	983,916
Returns on investments and servicing of finance			
Interest received		29,189	19,107
Interest payable		(15,293)	(17,113)
Net cash inflow from returns on investments and servicing of finance		13,896	1,994
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(280,553)	(399,784)
Deferred capital Grant received		94,818	0
Sales of tangible fixed assets		1,100	–
Net cash outflow from capital expenditure and financial investment		(184,635)	(399,784)
Management of liquid resources			
Placing of short term deposits		(1,019,138)	(509,530)
Net cash outflow from management of liquid resources		(1,019,138)	(509,530)
Financing			
Repayments of amounts borrowed		(154,651)	(185,776)
Net cash (outflow)from financing		(154,651)	(185,776)
Increase/(Decrease) in cash in the year		367,316	(109,180)
In this statement negative figures refer to cash outflows and other figures are cash inflows to the College.			
Reconciliation of net cash flow to movement in net funds			
(Decrease) in cash in the year		367,316	(109,180)
Decrease in debt		154,651	185,777
Increase in liquid resources		1,019,138	509,530
Change in net funds resulting from cash flows		1,541,105	586,127
Other non-cash items:			
Off-set against boarding fees		98,400	73,800
Movement in net funds in year		1,639,505	659,927
Net Funds/(debt) at 1 August	23	1,014,539	354,612
Net Funds at 31 July	23	2,654,044	1,014,539

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2011

1 ACCOUNTING POLICIES

Statement of principal accounting policies

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

Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable Accounting Standards. They conform to guidance published jointly by the Skills Funding Agency and the YPLA in the 2010/11 Accounts Direction Handbook.

Basis of Accounting

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

The financial statements include equivalent figures for the previous year ended 31 July 2010.

Recognition of Income

The recurrent grants from the Funding bodies YPLA/SFA represent the funding allocations attributable to the current financial year and are credited direct to the Income and Expenditure Account. YPLA/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.

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

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

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

Income from tuition fees is recognised in the period for which it is received.

Post retirement benefits

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Hampshire County Council Superannuation Scheme (LGSS). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme (SERPS).

Contributions to the TPS are charged to the Income and Expenditure Account 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 quinquennial valuations using a prospective benefit method. As stated in note 21, 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 basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Enhanced Pensions

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

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes

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

Tangible Fixed Assets

Land and buildings

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

Buildings constructed subsequently have been included in the Balance Sheet at cost.

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

Land relating to the Adult Continuing Education Centre purchased by the College is shown in the Balance Sheet at valuation at the time of purchase.

Land is not depreciated.

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

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

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

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

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

Assets under construction

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

Subsequent expenditure on existing fixed assets

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

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

Buildings owned by third parties

Where land and buildings are used, but the legal rights are held by a third party, for example a charitable trust, they are only capitalised if the College has rights or access to ongoing future economic benefit.

These assets are then depreciated over their expected useful economic life.

Equipment

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

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

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

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

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

Leased Assets

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

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

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

Investments

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

Stocks

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

Maintenance of Premises

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

Liquid Resources

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

Provisions

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

Agency Arrangements

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

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

	2011 £	2010 £
2 FUNDING COUNCIL GRANTS		
Funding body-Recurrent grant	16,026,055	15,953,921
Funding body -Non recurrent grants	0	49,399
Release of Deferred Capital Grants	63,604	63,604
	<u>16,089,659</u>	<u>16,066,924</u>
	2011 £	2010 £
3 TUITION FEES AND EDUCATION CONTRACTS		
Tuition fees	479,313	503,701
Education Contracts	83,600	68,000
	<u>562,913</u>	<u>571,701</u>
Note- there are no tuition fees funded by bursaries		
	2011 £	2010 £
4 OTHER INCOME		
Catering and boarding operations	1,414,680	758,174
Released from deferred capital grants (non funding body)	27,678	27,678
Income designated for specific outings and projects	814,850	647,155
Other income generating activities	194,969	170,783
Other income	116,399	105,418
	<u>2,568,576</u>	<u>1,709,208</u>
	2011 £	2010 £
5 INVESTMENT INCOME		
Income from investments	1,598	2,052
Other interest receivable	27,591	17,055
	<u>29,189</u>	<u>19,107</u>

6 STAFF COSTS

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

	2011 Number	2010 Number
Teaching staff	185	189
Non teaching staff	144	136
	<u>329</u>	<u>325</u>
	2010 £	2010 £
Wages and salaries	10,668,059	10,358,422
Social security costs	697,207	700,210
Other pension costs including FRS17 adjustments of (£28,552) 2009/10 £10,021	1,372,163	1,389,449
	<u>12,737,429</u>	<u>12,448,081</u>

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

	Senior post-holders	
	2011	2010
£60,001 to £70,000	0	0
£70,001 to £80,000	2	2
£80,001 to £90,000	0	0
£90,001 to £100,000	0	1
£100,001 to £110,000	1	0
£110,001 to £120,000	0	0
£120,001 to £130,000	0	0
£140,001 to £150,000	1	1
	<u>4</u>	<u>4</u>

No other employees received emoluments over £60,000 during the year.

7 PRIOR YEAR ADJUSTMENT

In its June 2010 budget, the government announced that it intended for future increases in public sector pension schemes to be linked to changes in the consumer prices index (cpi) rather than , as previously, the retail prices index (rpi). At the date of approval of the 2010 financial statements, the Urgent Issues Task Force (UITF) was in the process of consulting widely on the accounting treatment for the change. The final abstract was issued on 17 December 2010.

The College has considered the LGPS scheme rules and associated members' literature against the final abstract issued by the UITF which requires that where the change resulted from a legal or constructive obligation then it should be recognised in the income and expenditure account. As a result of this, it has reviewed the accounting treatment of the gain resulting from the change from rpi to cpi in the 2010 financial statements and has concluded that this should be recognised in the income and expenditure account rather than the statement of total recognised gains and losses.

This has resulted in a prior year adjustment which has increased the reported surplus in the comparative figures by £740,000 and reduced the recognised gains in the statement of total recognised gains and losses by the same amount.

8 EMOLUMENTS OF SENIOR POST-HOLDERS

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

	2011	2010
	Number	Number
The number of senior post-holders, including the Principal, was:	<u>4</u>	<u>4</u>
Senior post-holders' emoluments are made up as follows:	£	£
Salaries	342,337	336,595
Benefits in kind	3,383	3,243
Pension contributions	<u>48,270</u>	<u>47,460</u>
Total emoluments	<u><u>393,990</u></u>	<u><u>387,298</u></u>

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

Salary	124,852	122,738
Benefits in kind	<u>846</u>	<u>811</u>
	<u><u>125,698</u></u>	<u><u>123,549</u></u>
Pension contributions	<u><u>17,604</u></u>	<u><u>17,306</u></u>

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

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

No member of the Corporation or senior post-holder incurred costs during 2010/11 in respect of overseas activities.

	2011	2010
	£	£
9 OTHER OPERATING EXPENSES		
Teaching departments	542,731	607,734
Teaching support services	607,958	675,733
Other support services	(7,304)	(7,412)
Administration and central services	414,877	425,466
General education expenditure	775,636	752,325
Outings and projects financed by designated receipts	814,850	647,155
Premises costs: Running costs	641,465	562,120
Premises costs: Maintenance	831,966	1,008,713
Premises costs: Rents and Leases	3,181	5,841
Catering and boarding operations	607,807	335,454
	<u>5,233,167</u>	<u>5,013,129</u>
Other operating expenses include:		
Auditors' remuneration		
Internal audit	12,675	10,276
Financial statements audit	11,184	10,598
Regularity audit	1,200	1,175
Other services provided by the financial statements auditors	0	2,386
Hire of other assets - operating leases	3,181	5,840
10 INTEREST AND OTHER FINANCE COSTS		
	2011	2010
	£	£
On Bank loans, overdrafts and other loans;		
Repayable wholly or partly in more than five years	15,293	17,113
Pension Finance Costs (note 21)	70,000	160,000
	<u>85,293</u>	<u>177,113</u>
11 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.

12 TANGIBLE FIXED ASSETS

	Land and Buildings £	Equipment £	2011 Total £
Cost or valuation			
At 1 August 2010	17,538,696	2,076,454	19,615,150
Additions	128,613	151,940	280,553
Disposals	-	(100,493)	(100,493)
At 31 July 2011	<u>17,667,309</u>	<u>2,127,901</u>	<u>19,795,210</u>
Depreciation			
At 1 August 2010	3,118,732	1,741,155	4,859,887
Charge for year	388,059	216,317	604,376
Eliminated in respect of disposals	-	(100,493)	(100,493)
At 31 July 2011	<u>3,506,791</u>	<u>1,856,979</u>	<u>5,363,770</u>
Net book value at 31 July 2011	<u>14,160,518</u>	<u>270,922</u>	<u>14,431,440</u>
Net book value at 1 August 2010	<u>14,419,964</u>	<u>335,299</u>	<u>14,755,263</u>

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

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

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

Land owned by third parties

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

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

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

13 INVESTMENTS	2011	2010
	£	£
Investments in marketable securities		
At 1 August	48,823	45,141
Increase/(Decrease) in Market Value	2,363	3,682
At 31 July	<u>51,186</u>	<u>48,823</u>

	2011 £	2010 £
14 DEBTORS		
Amounts falling due within one year		
Trade debtors	14,484	8,741
Prepayments and accrued income	223,507	215,290
	<u>237,991</u>	<u>224,031</u>

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Bank Loans	123,145	185,892
Payments received in advance	621,601	554,194
YPLA 2011/12 Devolved Formula Grant received 2011	83,979	0
YPLA BCIF Grant Unspent at Year end	387,163	0
Trade creditors	498,777	526,163
Other taxation and social security	243,368	244,884
Accruals	821,228	672,515
	<u>2,779,261</u>	<u>2,183,648</u>

Included in payments received in advance are boarding fees received in advance of £90,200 (2009/10: £106,600) 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.

16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2011 £	2010 £
Bank Loans	1,331,547	1,423,451
Payments received in advance (Falkland Island Boarding Fees) in respect of boarding fees covering periods beyond next year.	237,800	319,800
	<u>1,569,347</u>	<u>1,743,251</u>

17 BORROWINGS	2011	2010
	£	£
Bank loans and overdrafts		
Bank Loans are repayable as follows		
In one year or less	123,145	185,892
Between one and two years	124,381	187,758
Between two and five years	380,683	574,657
Over 5 years	826,483	661,036
Total	1,454,692	1,609,343

Bank loans at 0.5% over base rate are repayable by instalments falling due between 31st December 2011 and 30th September 2022.

18 DEFERRED CAPITAL GRANTS

	LSC	Other	2011
	£	Grants	Total
		£	£
At 1 August 2010			
Land and buildings	2,441,298	2,791,100	5,232,398
Cash Received	94,818	0	94,818
Released to income and expenditure account			
Land and buildings	(63,604)	(27,678)	(91,282)
At 31 July 2011			
Land and buildings	2,472,512	2,763,422	5,235,934

	2011 £	2010 £
19 REVALUATION RESERVE		
At 1 August 2010	2,591,467	2,705,930
Less transfer from revaluation reserve to income and expenditure account in respect of disposal and depreciation on revalued assets		
Depreciation on revalued assets	(114,463)	(114,463)
At 31 July 2011	<u>2,477,004</u>	<u>2,591,467</u>

	2011 £	2010 £ as restated
20 MOVEMENT ON RESERVES		
Income and expenditure account reserve		
At 1 August 2010	3,927,563	3,110,336
Transfer from revaluation reserve	114,463	114,463
Transfer to restricted reserve	(2,313)	(3,632)
Surplus/(Deficit) on continuing operations after depreciation of assets at valuation, disposal of assets and tax	591,172	856,396
Actuarial (Loss) in respect of pension scheme	(350,000)	(150,000)
At 31 July 2011	<u>4,280,885</u>	<u>3,927,563</u>

Balance represented by:		
Pension reserve	(2,814,426)	(2,424,000)
Income and expenditure account reserve excluding pension reserve	7,095,311	6,351,563
At 31 July 2011	<u>4,280,885</u>	<u>3,927,563</u>

	2011 £	2010 £
Restricted reserves		
At 1 August 2010	49,361	45,729
Increase/(Reduction) in market value of investments	2,363	3,682
Less release of prize money re John Livy bequest	(50)	(50)
At 31 July 2011	<u>51,674</u>	<u>49,361</u>

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

21 PENSION AND SIMILAR OBLIGATIONS

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

Total pension cost for the year	2011 £	2010 £
Teachers Pension Scheme:contributions paid	1,018,647	1,005,207
Local Government Pension Scheme: contributions paid	382,068	374,220
FRS17 Excess Service Costs	(30,000)	10,000
Enhanced pension charge	1,448	22
Total pension cost for the year	<u>1,372,163</u>	<u>1,389,449</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuations of the TPS was 31 March 2004 and the LGPS 31 March 2010. Contributions amounting to £166,523 (2010 £164,331) were payable to the schemes at 31st July and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme is an unfunded defined benefit scheme. Contributions on a 'pay-as-you-go' basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972.

A notional asset value is ascribed to the Scheme for the purposes of determining contribution rates.

The pensions cost is assessed every 5 years in accordance with the advice of the government actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2004
Actuarial method	Prospective Benefits
Investment returns per annum	6.5% per annum
Salary scale increases per annum	5.0% per annum
Market value of assets at date of last valuation	£162,650 million
Proportion of members' accrued benefits covered by the actuarial value of the assets	98.88%

Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000 the government actuary carried out a further review on the level of employers contributions. For the period from 1 August 2010 to 31 July 2011 the employer contribution was 14.1%. The employee rate was 6.4% for the same period An appropriate provision in respect of unfunded pensioners benefits is included in provisions.

FRS 17

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2011 was £514,837 of which employer's contributions totalled £382,068, and employees contributions totalled £132,769. The agreed contribution rates for future years are 19.1% for employers and between 5.5% and 7.5% for employees.

FRS 17

The following information is based upon a full actuarial valuation of the Fund as at 31 March 2010 updated to 31 July 2011 by a qualified independent actuary.

	At 31st July 2011	At 31st July 2010
Rate of increase in salaries	5.2% pa	5.0% pa
Rate of increase for pensions in payment/inflation	2.8% pa	2.8% pa
Discount rate for liabilities	5.3% pa	5.4% pa
Rpi Inflation assumption	3.7% pa	3.5% pa
Cpi Inflation assumption	2.8% pa	2.8% pa

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

	At 31st July 2011	At 31st July 2010
<i>Retiring today</i>		
Males	23.8	22.3
Females	24.8	24.3
<i>Retiring in 20 years</i>		
Males	25.6	24.7
Females	26.7	26.5

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

	July 2011 £ '000	July 2010 £ '000
Equities	2,901	2,637
Bonds	1,189	1,173
Property	367	288
Other	133	262
Total market value of assets.	<u>4,590</u>	<u>4,360</u>
present value of scheme liabilities	(7,390)	(6,770)
Enhanced pension liability	(14)	(14)
College Deficit in scheme	<u><u>(2,814)</u></u>	<u><u>(2,424)</u></u>

and the expected weighted average rate of return

weighted average rate of return	6.7% pa	6.7% pa
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Analysis of the amount charged to income and expenditure account.	2011	2010
	£ '000	as restated £ '000
Employer service costs (net of employee contributions)	350	380
Past service costs see Note 7	0	(741)
Total operating charge	<u>350</u>	<u>(361)</u>
Analysis of pension finance Income/(costs)		
Expected return on pension scheme assets	300	230
Interest on pension liabilities	(370)	(390)
Pension (costs)	<u>(70)</u>	<u>(160)</u>
Amount recognised in the statement of total recognised gains and losses(STRGL)		
Actual return less expected return on pension scheme assets	(450)	330
Experience gains and losses arising on the scheme liabilities	320	60
Change in financial and demographic assumptions underlying the scheme liabilities	(220)	(540)
Actuarial (loss) recognised in STRGL	<u>(350)</u>	<u>(150)</u>
Movement in scheme deficit during year:		
	2011	2010
	£ '000	£ '000
Deficit in scheme at 1 August	(2,424)	(2,845)
Movement in year:		
Current service charge	(350)	(380)
Contributions (deduced)	380	370
Past service costs		741
Net interest / return on assets	(70)	(160)
Actuarial (loss)/gain	(350)	(150)
Deficit in scheme at 31 July	<u>(2,814)</u>	<u>(2,424)</u>
Asset and Liability Reconciliation		
	2011	2010
	£ '000	£ '000
Reconciliation of Liabilities		
Liabilities at start of period	6,770	6,260
Service cost	350	380
Interest cost	370	390
Employee contributions	130	130
Actuarial (gain)/Loss	(100)	480
Benefits paid	(130)	(130)
Past service cost		(740)
Liabilities at end of period	<u>7,390</u>	<u>6,770</u>
Reconciliation of Assets		
Assets at start of period	4,360	3,430
Expected return on assets	300	230
Actuarial (loss)/gain	(450)	330
Employer contributions	380	370
Employee contributions	130	130
Benefits paid	(130)	(130)
Assets at end of period	<u>4,590</u>	<u>4,360</u>
The estimated value of employer contributions for the year ended 31st July 2012 is £390,000		

History of experience gains and losses

	2011	2010 restated	2009	2008	2007
Difference between the expected and actual return on assets					
amount £'000	(450)	330	(560)	(540)	50
% of scheme assets	9.8%	7.6%	16.8%	16.2%	1.5%
Experience gains and losses on scheme liabilities					
amount £'000	320	60	(10)	(40)	0
% of scheme liabilities	4.3%	0.9%	0.2%	0.8%	0.0%
Total amount recognised in STRGL					
amount £'000	(350)	(150)	(1,170)	(340)	320
% of scheme liabilities	5.0%	2.0%	23.7%	6.7%	7.1%

22 RECONCILIATION OF OPERATING SURPLUS/(DEFICIT) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011 £	2010 as restated £
Surplus on continuing operations after depreciation of assets at valuation	591,172	856,396
FRS17 past service costs	7	(740,000)
Decrease/(Increase) in value of investment	(2,363)	(3,682)
Depreciation	12	612,221
Deferred capital grants released to income	2 and 4	(91,282)
Pension cost less contributions payable	(30,000)	10,000
(Profit) on disposal of tangible fixed assets	(1,100)	0
Decrease/(Increase) in stocks	22,110	(30,225)
Interest payable	85,293	177,113
(Increase) in debtors	(13,960)	(10,376)
Increase in creditors falling due within one year	576,360	222,858
Increase in provisions	427	0
Interest receivable	5	(19,107)
Net cash inflow from operating activities	1,711,844	983,916

23 ANALYSIS OF CHANGES IN NET FUNDS

	At 1st Aug 10 £	Cashflows £	At 31st July 11 £
Cash at bank and in hand	1,537,083	367,316	1,904,399
Debt due in 1 year	(106,000)	15,800	(90,200)
Debt due after 1 year	(320,400)	82,600	(237,800)
Bank Loan due in one year or less	(185,892)	62,747	(123,145)
Bank Loan due between one and two years	(187,758)	63,377	(124,381)
Bank Loan due between two and five years	(574,657)	193,974	(380,683)
Bank loan due over 5 years	(661,036)	(165,447)	(826,483)
Short term investments	1,513,199	1,019,138	2,532,337
Total	<u>1,014,539</u>	<u>1,639,505</u>	<u>2,654,044</u>

24 CAPITAL COMMITMENTS

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

2011 £	2010 £
<u>0</u>	<u>0</u>

25 RELATED PARTY TRANSACTIONS

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

	2011 £	2010 £
26 ACCESS FUNDS		
Funding Body Grants Grants	66,767	32,686
Less:		
Disbursed to Students	(54,372)	(63,211)
Administration	(3,238)	(1,565)
Amount subsumed in Financial Statements	-	33,112
Balance unspent at 31 July	<u>9,157</u>	<u>1,022</u>

Funding body grants are available solely for students; although the College administers the fund the Funding body deems that the College acts only as the paying agent.

The Funding body has decreed that the grants and related disbursements are therefore excluded from the Income and Expenditure Account, other than for the 5% of the grant received which is available to the College to cover administration costs relating to the grant.