

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017



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 2016/17

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
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Internal Auditors	Mazars LLP Merck House Seldown Poole Dorset BH15 1TW
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Bankers	Lloyds TSB 49 High Street Winchester Hampshire SO23 9BU
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Solicitors	Blake Morgan Tollgate Chandler's Ford Eastleigh SO53 3LG
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Members' Report

Nature, Objectives and Strategies:

The members present their report and the audited financial statements for the year ended 31 July 2017.

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 following the Machinery of Government changes in July 2016 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
- Links with Local Enterprise Partnerships (LEPs)

Mission and Vision

Governors reviewed the College's mission during 2016/7 and in July 2017 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 the strategic 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 support and improve 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 and ensure that regular, rigorous and fair assessment sets 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 and promote staff wellbeing
- 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
- 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
- 5.5 To promote and support good health and wellbeing

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 2017

Target	Comment
4052 16-18 Year Olds	Students on roll on 01/11/17 4028 Target not met (missed by 0.6%)
350 ESFA Funded 19+ 200 HE Students	Target not calculable for 2016-17 but met for 2015-16 Target Met: 225 HE students

2. Set Sizes

Target	Comment
U6th A level - 20	Actual set size: 19.87 Target Met
L6th A level - 22	Actual set size: 20.39 Target Met
BTEC - 20	Actual set size: 18.2 Target Met
Level 2 -18	Actual set size: 11.0 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; appropriate exceptions for specific health conditions

4. Achievement rates

Target	Comment
To be above national rates for sixth form colleges at each NVQ level for long courses for both 16-18 and 19+ provision	16-18 Target met : for level 2 (95%) and level 3 provision (91%) 19+ Target met for level 2 (79%) and level 3 (82%) Target not met for level 1 (functional skills provision)
To be above 75th percentile figure for long courses for 16-18 year olds	Target met (91%): 75 th percentile figure is 90%

5. Value Added

Target	Comment
<p>Positive residual for each qualification type (using the L3 VA methodology)</p> <p>Aspirational target – to have no courses with a statistically significant negative L3VA score</p> <p>(NB – if L3VA scores are unavailable when operational plan targets are reviewed, Alps bottom 25% grades (blue teaching) can be used as proxy</p>	<p>Target met for all three headline A level, Academic and Applied General measures. There are fewer than 200 enrolments on courses with statistically significantly negative value added, equalling just 5% of all A level enrolments. 95% of enrolments are on courses where students make at least the progress that would be expected of similarly qualified students nationally.</p> <p>The proportion of poor teaching as measured by the Alps ‘Blue teaching’ measure is extraordinarily low: AS level – 3%; A2 level 0%.</p>

6. Attendance

Target	Comment
Overall -90%	91.0% Target met
AS level – 92%	94.4% Target met
A2 level – 90%	90.9% Target met
Level 2 – 90%	83.3% Target not met (but overall figure significantly affected by two students with very poor attendance)

FINANCIAL POSITION

Financial results

The College generated an operating surplus of £73,428, which, after FRS102 pension adjustments of £399,943 has resulted in a deficit in the year of (£326,515) (2015/16 surplus £175,064), with total comprehensive income of £923,485, (2015/16 deficit (£1,611,436)). The College has accumulated reserves of £6,207,558 and cash and cash equivalents of £3,413,344.

The college has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2016/17 FE funding bodies provided 76% (2015/16: 75%) 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 £416,140 (2015/16 £548,642) and this resulted, (after significant capital expenditure and repayment of our bank loan), in net cash flows of (£2,117,423) (2015/16 £509,623).

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 £64,888 (2015/16 £61,858) 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 2016-2017

	Plan
Learner Responsive 16-18	3,864

Funding Allocated 2016- 2017

	Plan
Learner Responsive 16-18	£16,173,429
Adult Skills Budget	£357,835
24+ loans	£219,194
Total Adult Funding	£577,029
Total Funding	£16,750,458

Students' Achievements 2016-17

Figure One: 16-18 students – long courses (except where stated otherwise) 2016-17

	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) 2016-17

	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

We have now embarked on the third and final phase of reform to A level subjects, with all A courses now following a linear pattern. There has been a delay to the date by which all BTEC programmes have to migrate to new specifications until August 2019.

Programmes of Study – 16-19 year olds

From September 2018 we will be moving from a standard programme of four advanced level courses in L6th and three in U6th, to three courses as the standard programme in both years. This has in part been driven by the changes in A level courses and the 'de-coupling' of AS level qualifications from A levels. The change will have significant implications for the planning of our curriculum offer and the staffing which supports it.

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 injury and treatment, early years teaching & learning, management, business and insurance. Where apprenticeship standards exist the College has developed degree apprenticeships in these subject areas which can be offered alongside foundation and honour degrees. The academic standards of the awards the College offers, the quality and enhancement of its student learning opportunities and the quality of the information about learning opportunities continue to meet UK expectations.

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 2016 to 31 July 2017, the College paid 95 per cent of its invoices within 30 days of the invoice date. The College incurred no interest charges in respect of late payment for this period.

PRINCIPAL RISKS AND UNCERTAINTIES:

The risk register and associated action plans are reviewed and updated at each meeting of the risk management group. 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. A new audit of the Risk Management process is planned for the current academic year.

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
 - 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 and their parents/carers;
- 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.

Therefore, protecting students from the **risk of radicalisation** is part of our wider safeguarding responsibilities:

<http://www.psc.ac.uk/support/>

The college also understands its duty to build **resilience to radicalisation** by promoting **fundamental British values** and enabling students to challenge extremist views.

“Fundamental British values are about democracy, the rule of law, individual liberty and mutual respect, and tolerance of those with different faiths and beliefs.”

The college is committed to following the advice of the Hampshire and Isle of Wight Prevent Board and the Hampshire Safeguarding Children Board (HSCB).

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 11th December 2017

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 2016 to 31st July 2017 and up to the 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 2016 ("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 adopted where applicable to the College the Code of Good Governance 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

PETER SYMONDS COLLEGE

The members who served the Corporation during the academic year 2016/17 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*	Term ended 8 05 17	Chair of Personnel (to 8 05 17) Policy & Resources Remuneration Personnel Search & Governance
Mrs R Brockman	85%	10 10 16*	Foundation Governor Term ended 9 10 17	
Mr S Carville	85%		Principal-ex officio	
Mr C Edwards	66%	10 10 16*		Member of Academic Board
Miss L Evans	85%	09 02 15	Governor	Estates Chair Curriculum & QA Remuneration Policy & Resources Estates Personnel
Mrs N Graham	100%	14 12 15		Curriculum & QA Personnel Personnel
Mr G Hooper	100%	06 02 15	Staff Governor Stepped down 30 08 17	Curriculum & QA Personnel
Mrs D Kennedy	50%	31 03 14	Parent Governor	Curriculum & QA Audit
Miss S Looker	50%	6 03 17	Student Governor Stepped down 30 08 17	
Mr N Measham	85%	6 10 14	Foundation Governor	Chair of Audit Estates
Mr J Mace	50%	29 2 16	Student Governor Term ended 29 02 17	
Mr B Neaves	100%	14 12 15		Audit Curriculum & QA (from March 17)
Miss A Palmer	85%	31 10 14*		Curriculum & QA Personnel Chair from May 17) Policy & Resources
Mr J Penny	100%	10 07 17	Student Governor	
Mr G Rockett	100%	12 12 16	Support staff Governor	Estates (from March 17)
Mr T Rogerson	85%	05 10 16*	Vice-Chairman	Remuneration Chair of Search & Governance Chair of Policy & Resources
Mr C Scott	85%	23 03 15*	Chairman of Governors	Policy & Resources Search & Governance Remuneration
Ms A Stone	50%	11 07 16	Student Governor Term ended 11 07 17	
Mrs A Storey	66%	12 07 17*		Chair of Estates Curriculum & QA Policy & Resources
Dr R Sykes	50%	8 05 17		Curriculum & QA (from May 17)
Mr A Sydney		9 10 17	Foundation Governor	
Mrs T Thorne	85%	18 05 15		Audit Search & Governance (from July 16)
Rt Rev D Williams	100%	6 03 17	Foundation Governor	

*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)

11th December 2017

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 Governors 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 2017, 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 2017 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 2017 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 2017 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The Risk and Control Framework

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

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

The internal auditors of the College are Mazars LLP and they operate in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of Internal Audit is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee.

At a minimum, annually, the internal auditors provide the governing body with a report on internal audit activity in the College. The report includes the internal auditors independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of Effectiveness

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

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

The Principal has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and 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 11 December 2017, the Corporation reviewed the effectiveness of the system of internal control for the year ended 31 July 2017 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2017.

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.

We have a strong cash position and repaid our Bank loan during the year. We continue to maintain a three year rolling plan and during that period our Financial health scoring is maintained as good.

Approved by order of the members of the Corporation on 11th December 2017 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 and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the College's funding agreement.

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 ESFA's terms and conditions of funding under the College's funding agreement.

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

C Scott (Chair of Governors)

11th December 2017

S Carville (Principal)

11th December 2017

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 and Skills 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 by the Education and Skills Funding Agency (ESFA), and which give a true and fair view of the state of affairs of the College and the result for that year.

In preparing the financial statements the Corporation is required to:

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

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

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the ESFA are used only in accordance with the Financial Agreement with the ESFA 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 ESFA 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)

11th December 2017

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

Opinion

We have audited the financial statements of Peter Symonds College (the "College") for the year ended 31 July 2017 which comprise the college statement of comprehensive income, the college balance sheet, the college statement of changes in reserves, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. 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 14 August 2017.

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2017 and of the College's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the college in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the college's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The governors are responsible for the other information. The other information comprises the information included in the Members Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2016 to 2017 issued by the Department for Education 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.

Responsibilities of the Corporation of Peter Symonds College

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 and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities> this description forms part of our auditor's report.

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 14 August 2017. 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 14 August 2017 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.

RSM UK AUDIT LLP
Chartered Accountants
Highfield Court
Tollgate
Chandlers Ford
Eastleigh
Hampshire
SO53 3TY

14th December 2017

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2017

	Notes	2017	2016
		£	£
Income			
Funding body grants	2	16,866,224	16,547,266
Tuition fees and education contracts	3	1,479,994	1,346,487
Other income	4	3,735,795	3,611,503
Investment income	5	9,523	22,019
Donations and endowments	6	-	292,849
Total Income		<u>22,091,536</u>	<u>21,820,124</u>
Expenditure			
Staff costs	7	15,121,836	14,198,160
Other operating Expense	8	6,262,232	6,379,650
Depreciation	11	880,003	918,091
Interest and other finance costs	9	153,980	149,159
Total Expenditure		<u>22,418,051</u>	<u>21,645,060</u>
(Deficit)/Surplus before other gains and losses		(326,515)	175,064
Profit on disposal of assets		-	3,500
(Deficit)/Surplus for the year		<u>(326,515)</u>	<u>178,564</u>
Actuarial Gain/(loss) in respect of pension schemes		1,250,000	(1,790,000)
Total Comprehensive Income for the year		<u>923,485</u>	<u>(1,611,436)</u>
Represented by:			
Restricted Comprehensive income		3,030	293,474
Unrestricted comprehensive income		920,455	(1,904,910)
		<u>923,485</u>	<u>(1,611,436)</u>

STATEMENT OF CHANGES IN RESERVES

	Restricted reserve £	Income and expenditure account £	Revaluation reserve £	Total £
Balance at 1st August 2015	61,233	6,965,621	2,022,958	9,049,812
Surplus/(Deficit) 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 and restricted reserves	625	112,571	(113,196)	-
Balance at 31st July 2016	354,707	5,173,907	1,909,762	7,438,376
(Deficit)/Surplus from the Income and expenditure account	-	(326,515)	-	(326,515)
Other Comprehensive Income	-	1,250,000	-	1,250,000
Transfer between revaluation and Income and expenditure reserves	3,030	110,166	(113,196)	-
Balance at 31 July 2017	357,737	6,207,558	1,796,566	8,361,861

PETER SYMONDS COLLEGE

BALANCE SHEET AS AT 31 JULY 2017

	Notes	2017 £	2016 £
Non current assets			
Tangible Fixed assets	11	18,308,685	18,476,918
Investments	12	58,554	55,523
		<u>18,367,239</u>	<u>18,532,441</u>
Current assets			
Stocks		19,235	21,619
Trade and other receivables	13	413,128	286,809
Investments		1,000,756	-
Cash and cash equivalents		3,413,344	5,530,767
		<u>4,846,463</u>	<u>5,839,195</u>
Creditors: amounts falling due within one year	14	3,030,691	3,346,275
Net current assets		<u>1,815,772</u>	<u>2,492,920</u>
Total assets less current liabilities		20,183,011	21,025,361
Creditors: amounts falling due after more than one year	15	5,985,810	7,050,783
Provisions			
Defined benefit obligations	17	5,835,340	6,536,202
Total net assets		<u>8,361,861</u>	<u>7,438,376</u>
Restricted Reserves			
Restricted reserve		357,737	354,707
Unrestricted Reserves			
Income and expenditure account		6,207,558	5,173,907
Revaluation reserve		1,796,566	1,909,762
Total unrestricted reserves		<u>8,004,124</u>	<u>7,083,669</u>
Total reserves		<u>8,361,861</u>	<u>7,438,376</u>

The financial statements on pages 26 to 50 were approved and authorised for issue by the Corporation on 11th December 2017 and were signed on its behalf by:

C Scott(Chair of Governors)

11th December 2017

S Carville(Principal)

11th December 2017

FOR THE YEAR ENDED 31 JULY 2017

STATEMENT OF CASH FLOWS

	2017	2016
	£	£
Cash flow from operating activities		
(Deficit)/Surplus for the year	(326,515)	178,564
Adjustment for non-cash items		
Depreciation	880,003	918,091
Decrease in stocks	2,384	33,233
(Increase) in debtors	(126,319)	(16,932)
(Decrease) in creditors due within one year	(185,860)	(68,519)
(Decrease) in creditors due after one year	(367,742)	(515,764)
(Decrease)/Increase in Enhanced Pension provisions	(862)	171
Pension costs less contributions payable	550,000	330,000
Adjustment for investing or financing activities		
Investment income	(9,523)	(22,019)
(Gain)in Investments Value	(3,031)	(624)
Endowment Income	-	(292,849)
Interest payable	3,607	8,790
(Gain)on sale of fixed assets	-	(3,500)
Net cash flow from operating activities	<u>416,142</u>	<u>548,642</u>
Cash flow from investing activities		
Proceeds from sale of fixed assets	-	3,500
Investment income	9,523	22,019
Endowment income	-	292,849
(New Deposits)	(1,000,756)	
Payments made to acquire fixed assets	(711,770)	(220,539)
	<u>(1,703,003)</u>	<u>97,829</u>
Cash flow from financing activities		
Interest paid	(3,607)	(8,790)
Repayments of amounts borrowed	(826,955)	(128,058)
	<u>(830,562)</u>	<u>(136,848)</u>
(Decrease)/increase in cash and cash equivalents in the year	<u>(2,117,423)</u>	<u>509,623</u>
Cash and cash equivalents at beginning of year	5,530,767	5,021,144
Cash and cash equivalents at end of year	3,413,344	5,530,767

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2017

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 2016 to 2017* 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.

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 repaid its outstanding loan during the year and the College's forecasts and financial projections indicate that it will be able to operate without further borrowing or overdrafts 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 body ESFA represent the funding allocations attributable to the current financial year and are credited direct to the Statement of Comprehensive Income ESFA 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 adult education budget is adjusted for and reflected in the level of recurrent grant recognised in the Statement of Comprehensive Income. The final grant income is normally determined with the conclusion of the year end reconciliation process with the ESFA 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 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 conditions are 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 Statement of Comprehensive Income 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.

Agency Arrangements

The College acts as an agent in the collection and payment of certain 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.

Post-employment benefits

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

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting.

The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

The LGPS is a funded scheme. The assets of the LGPS are measured using closing 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 interest and other finance costs.

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

Short term Employment benefits

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

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

Tangible fixed assets are stated at cost/deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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 Statement of Comprehensive Income 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, to the Statement of Comprehensive Income. 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.

Current investments

Current investments represents bank deposits with an initial term in excess of 3 months but less than one year.

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 contingent liabilities

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

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

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

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 20, 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 2016 has been used by the actuary in valuing the pensions liability at 31 July 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation, would impact on the carrying amount of the pension liability.

	2017	2016
	£	£
2 FUNDING BODY GRANTS		
Funding body-Recurrent grant	16,593,160	16,274,202
Funding body -Non recurrent grants	-	-
Release of Deferred Capital Grants	273,064	273,064
	<u>16,866,224</u>	<u>16,547,266</u>
	2017	2016
	£	£
3 TUITION FEES AND EDUCATION CONTRACTS		
Tuition fees	1,479,994	1,346,487
Education Contracts	-	-
	<u>1,479,994</u>	<u>1,346,487</u>
	2017	2016
	£	£
4 OTHER INCOME		
Catering and boarding operations	1,930,099	1,912,979
Income designated for specific outings and projects	1,546,179	1,369,134
Other income generating activities	42,675	193,526
Other income	216,842	135,864
	<u>3,735,795</u>	<u>3,611,503</u>
5 INVESTMENT INCOME		
	2017	2016
	£	£
Other investment income	1,598	1,457
Other interest receivable	7,925	20,562
	<u>9,523</u>	<u>22,019</u>

6 DONATIONS AND ENDOWMENTS

2017 2016
£ £

Expendable Endowment	-	292,849
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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 key management personnel) employed by the college during the year, expressed as full-time equivalents, was:

	2017 Number	2016 Number
Teaching staff	209	198
Non teaching staff	147	138
	356	336

Staff costs for the above persons

	2017 £	2016 £
Wages and salaries	11,813,492	11,432,703
Social security costs	1,053,877	829,422
Other pension costs including FRS102 adjustments of £399,943 (2015/16 £190,980)	2,254,467	1,936,035
	15,121,836	14,198,160

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

	2017 No.	2016 No.
The number of key management personnel, including the Accounting Officer, was:	4	4

Key management personnel

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions and employer's national insurance but including benefits in kind, in the following ranges was:

	2017 No.	2016 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.

	2017 £	2016 £
Key management personnel compensation is made up as follows:		
Salaries	335,896	333,672
Employers National Insurance	41,867	38,415
Benefits in kind	3,054	2,550
	380,817	374,637
Pension contributions	55,356	54,335
Total Key management personnel compensation	436,173	428,972

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 key management personnel) of:

Salary	128,256	127,407
Employers National Insurance	16,578	15,687
Benefits in kind	1,018	850
	145,852	143,944
Pension contributions	21,137	20,748

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 2016/17 or 2015/16 in respect of overseas activities.

8 OTHER OPERATING EXPENSES	2017 £	2016 £
Teaching departments	736,135	777,479
Teaching support services	475,230	566,230
Other support services	(30,978)	1,722
Administration and central services	606,803	601,887
General education expenditure	748,740	941,644
Outings and projects financed by designated receipts	1,546,179	1,369,134
Premises costs: Running costs	824,572	757,622
Premises costs: Maintenance	518,169	507,368
Premises costs: Rents and Leases	1,518	1,215
Catering and boarding operations	835,864	855,349
	<u>6,262,232</u>	<u>6,379,650</u>
Other operating expenses include:		
Auditors' remuneration		
Internal audit	12,320	13,260
Financial statements audit	14,000	15,130
Regularity audit	1,300	1,250
Other assurance services provided by the financial statements auditors	1,670	1,596
Hire of other assets - operating leases	51,009	58,660
	<u>51,009</u>	<u>58,660</u>

9 INTEREST AND OTHER FINANCE COSTS	2017 £	2016 £
On Bank loans, overdrafts and other loans;	3,607	8,790
Net interest on defined pension liability (note 20)	150,373	140,369
	<u>153,980</u>	<u>149,159</u>

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 2016	-	23,744,490	3,539,604	27,284,094
Additions	405,140	118,267	188,363	711,770
Disposals	-	-	-	-
At 31 July 2017	<u>405,140</u>	<u>23,862,757</u>	<u>3,727,967</u>	<u>27,995,864</u>
Depreciation				
At 1 August 2016	-	5,903,545	2,903,631	8,807,176
Charge for year	-	562,805	317,198	880,003
Eliminated in respect of disposals	-	-	-	-
At 31 July 2017	<u>-</u>	<u>6,466,350</u>	<u>3,220,829</u>	<u>9,687,179</u>
Net book value at 31 July 2017	<u>405,140</u>	<u>17,396,407</u>	<u>507,138</u>	<u>18,308,685</u>
Net book value at 1 August 2016	<u>-</u>	<u>17,840,945</u>	<u>635,973</u>	<u>18,476,918</u>

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 valuation as at the date of incorporation, with this being treated at deemed cost in line with FRS102 Section 35.

12 INVESTMENTS	2017	2016
	£	£
Investments in marketable securities		
At 1 August	55,523	54,899
Increase in Fair Value	3,031	624
At 31 July	<u>58,554</u>	<u>55,523</u>

13 DEBTORS	2017	2016
	£	£
Amounts falling due within one year		
Trade debtors	9,483	3,344
Prepayments and accrued income	403,645	283,465
	<u>413,128</u>	<u>286,809</u>

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2017	2016
	£	£
Bank Loans	-	129,724
Payments received in advance	852,486	968,435
Trade creditors	541,224	464,382
Other taxation and social security	286,755	265,013
Accruals	364,312	451,304
Deferred Income-Government revenue Grants	101,120	99,321
Deferred Income - Government capital Grants	189,762	273,064
Short term employee benefit accrual	695,032	695,032
	<u>3,030,691</u>	<u>3,346,275</u>

Included in payments received in advance are boarding fees received in advance of £182,025 (2015/16: £242,700) 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

	2017	2016
	£	£
Bank Loans	-	697,231
Deferred Income - Government capital Grants	5,593,445	5,783,207
Payments received in advance (Falkland Island Boarding Fees) in respect of boarding fees covering periods beyond next year.	392,365	570,345
	<u>5,985,810</u>	<u>7,050,783</u>

16 BORROWINGS

	2017	2016
	£	£
Bank loans and overdrafts		
Bank Loans are unsecured and repayable as follows		
In one year or less	-	129,724
Between one and two years	-	130,700
Between two and five years	-	398,027
Over 5 years	-	168,504
Total	<u>-</u>	<u>826,955</u>

The Bank loan was repaid in full on 7th February 2017.

17 PROVISIONS

	Enhanced pensions £	Defined benefit obligations £	Total £
At 1 August 2016	16,202	6,520,000	6,536,202
Expenditure in the period	(805)	(570,000)	(570,805)
Additions in the period	(57)	(130,000)	(130,057)
At 31 July 2017	<u>15,340</u>	<u>5,820,000</u>	<u>5,835,340</u>

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 2016 £	Cash flows £	At 31 July 2017 £
Cash and cash equivalents	5,530,767	(2,117,423)	3,413,344
Overdrafts	-	-	-
Total	<u>5,530,767</u>	<u>(2,117,423)</u>	<u>3,413,344</u>

19 FINANCIAL INSTRUMENTS

	2017 £	2016 £
<u>Financial Assets</u>		
Debt Instruments measured at fair value through the profit and loss	58,554	55,523
Debt Instruments measured at amortised cost	9,483	3,344
	<u>68,037</u>	<u>58,867</u>
<u>Financial Liabilities</u>		
Financial Liabilities measured at amortised cost	<u>2,845,419</u>	<u>3,976,453</u>

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 employee contributes at least 3%.

Total pension cost for the year	2017 £	2016 £
Teachers Pension Scheme:contributions paid	1,292,634	1,229,979
Local Government Pension Scheme: contributions paid	557,642	510,794
FRS102 Excess Service Costs	400,000	190,000
Enhanced pension charge	(57)	980
AEGON Defined Contribution Scheme	4,248	4,282
Total pension cost for the year	<u>2,254,467</u>	<u>1,936,035</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 2012 and of the LGPS 31 March 2016.

Contributions amounting to £241,610 (2016 £220,999) 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. Retirement and other pension benefits are paid by public funds provided by Parliament.

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 assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The new employer contribution rate for the TPS was implemented in September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

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 £1,292,634 (2016;£1,229,979)

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 2017 was £763,822, of which employer's contributions totalled £557,642 and employees contributions totalled £206,180. The agreed contribution rates for next year are a fixed figure of £150,100 p.a plus 14.9% -(broadly equivalent to 20%)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 2016 updated to 31 July 2017 by a qualified independent actuary.

	At 31 July 2017	At 31 July 2016
Rate of increase in salaries	3.5%	3.3%
Future pension increases	2.0%	1.8%
Discount rate for scheme liabilities	2.6%	2.4%
inflation assumption (CPI)	2.0%	1.8%

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 2017	At 31 July 2016
<i>Retiring today</i>		
Males	24.0	24.6
Females	26.0	26.4
<i>Retiring in 20 years</i>		
Males	27.0	26.7
Females	29.3	28.7

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

	Fair value July 2017	Fair value July 2016
	£ '000	£ '000
Equities	6,842	5,381
Property	727	702
Government bonds	2,773	2,496
Corporate bonds	123	171
Cash	335	493
Other	380	247
Total fair value of plan assets	<u>11,180</u>	<u>9,490</u>
Actual return on plan assets	<u>1,170</u>	<u>1,030</u>

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

	2017 £ '000	2016 £ '000
Fair value of plan assets	11,180	9,490
Present value of plan liabilities	<u>(17,016)</u>	<u>(16,026)</u>
Net pensions Liability	<u>(5,836)</u>	<u>(6,536)</u>

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

Amounts included in staff costs

Current service cost	970	710
Past service cost	0	0
Pension costs	<u>970</u>	<u>710</u>

Amounts included in interest and other Finance costs

Net interest cost	<u>150</u>	<u>140</u>
	<u>150</u>	<u>140</u>

Amount recognised in Other Comprehensive Income

Return on pension plan assets	940	730
Experience gains/(losses) arising on defined benefit obligations	310	(2,520)
Amount recognised in Other Comprehensive Income	<u>1,250</u>	<u>(1,790)</u>

Movement in net defined benefit Liability during year

Net defined benefit (liability)/asset in scheme at 1 August	(6,536)	(4,416)
Movement in year:		
current service cost	(970)	(710)
Employer contributions	570	520
Past service cost	0	0
Net interest on the defined liability	(150)	(140)
Actuarial Gain/(loss)	1,250	(1,790)
Net defined benefit liability at 31 July	<u>(5,836)</u>	<u>(6,536)</u>

Asset and Liability Reconciliation

Defined benefit obligations at 1 August	16,026	12,376
Service cost	970	710
Interest cost	380	440
Employee contributions	230	200
Actuarial (Gain)/ Loss	(310)	2,520
Benefits paid	(280)	(220)
Liabilities at 31 July	<u>17,016</u>	<u>16,026</u>

Changes in fair value of plan assets	2017	2016
	£ '000	£ '000
Fair value of plan assets at 1 August	9,490	7,960
Interest on plan assets	230	300
Actuarial gain	940	730
Employer contributions	570	520
Employee contributions	230	200
Benefits paid	(280)	(220)
Fair value of plan assets at 31 July	<u>11,180</u>	<u>9,490</u>

	2017	2016
	£	£
21 CAPITAL COMMITMENTS		
Capital expenditure that has been contracted for at the year-end but has not been provided for in the financial statements:	<u>146,337</u>	<u>214,156</u>

22 FINANCIAL COMMITMENTS

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

	2017	2016
	£	£
Other		
Expiring within one year	46,476	49,602
Expiring within two and five years inclusive	30,011	70,388
Total for remainder of leases	<u>76,487</u>	<u>119,990</u>

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 £775 (2015/16 £935)

The total number of Governors concerned was 21 (2015/16 : 21)

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.

Key management compensation disclosure is given in note 7.

	2017	2016
	£	£
24 AMOUNTS DISBURSED AS AGENT		
Funding Body Grants and bursaries	211,348	188,531
Less:		
Disbursed to Students	(202,345)	(179,910)
Administration	(9,003)	(8,621)
Balance unspent at 31 July included in creditors	-	-

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.

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

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 14 August 2017 and further to the requirements of the funding agreement with the Education Funding Agency, to obtain limited assurance about whether the expenditure disbursed and income received by Peter Symonds College during the period 1 August 2016 to 31 July 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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 2016 to 31 July 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Post-16 Audit Code of Practice 2016 to 2017 issued by the Department for Education. 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 and Skills Funding Agency has other assurance arrangements in place.

We are independent of Peter Symonds College in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion

Responsibilities of Corporation of Peter Symonds College for regularity

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. The corporation of Peter Symonds College is also responsible for preparing the Governing body's Statement of Regularity, Propriety and Compliance.

Reporting accountant's responsibilities for reporting on regularity

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 Post-16 Audit Code of Practice 2016 to 2017.

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 the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

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 2016 to 31 July 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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 the specific requirements of the funding agreement with the Education Funding Agency and high level financial control areas where we identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified 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 of the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

This report is made solely to the corporation of Peter Symonds College and the Secretary of State for Education acting through the Department for Education 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 Department for Education 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 Department for Education for our work, for this report, or for the conclusion we have formed.

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14 December 2017