

**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2018**



**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 2017/18

Stephen Carville	Principal and CEO; Accounting Officer- until 31/08/18
Dave Cartwright	Vice Principal
Julia Tucker	Deputy Principal (Students)
Nick Allen	Assistant Principal (Quality)

Note Sara Russell replaced Stephen Carville as Principal and CEO effective 31/08/18

**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 2018.

### **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
- 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'**

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

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

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

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

## **The Strategic Aims and Objectives**

The College has decided on the objectives set out in 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 and implement curriculum change effectively

#### 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

## **Performance indicators**

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

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

## FINANCIAL POSITION

### Financial results

The College generated an operating surplus of £118,766, which, after FRS102 pension and interest adjustments of £510,145 has resulted in a deficit, before other gains and losses, in the year of £391,379. (2016/17 deficit £326,515), with total comprehensive income of £758,621, (2016/17 £923,485). The College has accumulated Income and expenditure reserves of £7,087,167 and cash and cash equivalents of £3,730,692.

The financial health score for the College, as measured by the ESFA continues to be “good”.

The college has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2017/18 FE funding bodies provided 78% (2016/17: 76%) 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 £513,206 (2016/17 £416,142) and this resulted in net cash inflow of £317,348 (2016/17: outflow £2,117,423).

### 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 £347,645 (2016/17 £357,737) including an expendable endowment reserve of £281,849. 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 2017-2018

	Plan
<b>Learner Responsive 16-18</b>	<b>4,026</b>

### Funding Allocated 2017- 2018

	Plan
Learner Responsive 16-18	£16,631,827
Adult Skills Budget	£378,986
24+ loans	£299,997
<i>Total Adult Funding</i>	<i>£678,983</i>
<b>Total Student funding</b>	<b>£17,310,810</b>

**Students' Achievements 2017-18**

Highlights of the analysis of 2017-18 outcomes include:

Very high retention of students on 16-19 study programmes	According to the retention measure published as part of the achievement and attainment tables, far more students (92%) reach the end of their courses than at any other college in Hampshire. Our analysis suggests that even when prior attainment is taken into account, over the last decade approaching 1,000 extra students have reached the end of their courses than would be expected.
	In 2016-18, the six dimensions analysis suggests that retention is 2.2% higher than what would be expected of students with similar GCSE grades nationally.
High 'whole student success' scores	The six dimensions programmes of study analysis suggests that 2.8% more students achieve three or more A levels or equivalent at the end of their courses than would be expected.
Strong student progress across A level and applied general provision	For AS courses, the ALPS value added score has been above 60th percentile in each of the last sixteen years. The 2008, 2009, 2010 and 2011 and 2014 and 2015 and 2017 scores are all well above the 75th percentile figure. According to the government league tables L3VA model, the college is the only one in Hampshire with statistically significant value added for both A level and vocational courses in every year since the inception of the model. The 2015 Ofsted inspection report noted that "learners achieve even higher grades than would be expected based on their GCSE grades".
Exceptional student progress sustained over many years in a significant number of subjects	Art (Textiles), Biology, Communication and Culture, Film Studies, Health and Social Care, and Media Studies A level and the Extended Diploma in Sport have seen consistent high performance sustained for over a decade.
Very small proportion of provision with poor student progress	One exceptional feature of the College's value added performance is the proportion of provision where student progress falls below national standards. In the Alps report there is a measure of 'blue teaching' which calculates the proportion of enrolments which are in courses where progress is poor. By this measure, the proportion of 'Blue' teaching (in the bottom quarter by national standards) is usually exceptionally low (3% in 2018), and is occasionally zero (Source - ALPS reports 2003 to 2018).
Strong progression to university	The interim UCAS report for the 2017-18 application cycle suggests that 1,603 students progressed to university this year. This equates to 87% of those who applied, which is well above the UCAS average of 74%. If the level of 'gap year' application continues at previous levels, over 85% of the 2017-18 cohort will progress to higher education. It is not uncommon for significant numbers of students to apply to university, two, three or four years after finishing at the college.
Exceptional outcomes for students that have progressed to higher education	Data provided by the Higher Education Statistical Agency (HESA) suggests that significantly more ex-Symonds students leave university with first or upper second class degrees than would be expected of students from the state or independent sectors. In 2017, 31% of ex-Symonds students who had progressed to the Russell Group secured first class degrees, compared to 27% from independent schools, and 24% from the state sector.

## **Curriculum Developments**

### **Curriculum Reform**

The final phase of A level reform has now been implemented and all subjects are now following linear A level specifications. There has been a further extension to the date by which all BTEC programmes have to migrate to new specifications. Consequently, we are able to remain with old style specifications for students enrolling in September 2019 and 2020 should we wish to. Students arriving at the College will now have followed reformed GCSE specifications for all of their GCSE subjects.

### **Programmes of Study – 16-19 year olds**

In September 2018 we moved 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 been driven by the changes in A level courses and the 'de-coupling' of AS level qualifications from A levels. The change has had 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 2017 to 31 July 2018, 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. This year we have also developed and adopted a separate IT Risk Register and an Academic Risk Register for our higher education provision.

### **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 and the Risk registers.
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 in 2017-18 and judged that they were robust and operating in practice, making only small suggestions relating to updating of documents and review of processes.

## 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 Hospital.

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

**Facility Time Report 2018**

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, we are required to publish certain information on trade union officials and facility time.

Facility time covers duties carried out for the trade union or as a union learning representative, for example, accompanying an employee to disciplinary or grievance hearing. It also covers training received and duties carried out under the Health and Safety at Work Act 1974.

The regulations require the following information to be published on the employer's website:

- table 1: the number of employees who were relevant union officials during the relevant period, and the number of full time equivalent employees
- table 2: the percentage of time spent on facility time for each relevant union official
- table 3: the percentage of pay bill spent on facility time
- table 4: the number of hours spent by relevant union officials on paid trade union activities as a percentage of total paid facility time hours.

This report covers the period 1 April 2017 to 31 March 2018.

**Table 1 Relevant union officials**

Total number of employees who were relevant union officials during the relevant period.

<i>Number of employees who were relevant union officials during the relevant period</i>	<i>Full-time equivalent employee number</i>
4	3.4

**Table 2 Percentage of time spent on facility time**

How many of our employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time.

<i>Percentage of time</i>	<i>Number of employees</i>
0%	2
1-50%	2
51%-99%	0
100%	0

**Table 3 Percentage of pay bill spent on facility time**

Percentage of the total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

Total cost of facility time	£10,135
Total pay bill	£14 m
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) × 100	0.07%

**Table 4 Paid trade union activities**

Hours spent by employees who were relevant union officials during the relevant period on paid trade union activities as a percentage of total paid facility time hours.

<i>Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) × 100</i>	100%
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**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:**

**T M Rogerson [Chairman]**

**Date 10<sup>th</sup> December 2018**

### **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 2017 to 31st July 2018 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 2017 /18 and up to the date of signing this report are:

Name and attendance At Corporation meetings		Date of Appointment	Status	Committees
Mr H Bhambra		15 10 18		Personnel (from October 2018) Curriculum & QA (from October 2018)
Miss H Bowen	100%	5. 03 18	Student Governor	
Mrs R Brockman		10 10 16*	Foundation Governor Term ended 9 10 17	Personnel ( to 10 10 17) Search & Governance (to 10 10 17)
Mr S Carville	83%		Principal-ex officio Term ended 31 8 18	
Mr G Childs	100%	9 02 18	Staff Governor	Curriculum & QA (from February 2018) Personnel (from February 2018)
Miss E Charalambous	100%	9 07 17	Student Governor	
Mr C Edwards	83%	10 10 16*		Member of Academic Board
Miss L Evans	66%	09 02 15*		Estates (Chair from 15 10 18) Chair Curriculum & QA ( to 15 10 18) Remuneration Policy & Resources
Mrs N Graham	0%	14 12 15		Estates Personnel
Mrs D Kennedy	100%	31 03 14	Parent Governor Term ended 31 03 18	Curriculum & QA (left 31 03 18) Audit (left 31 03 18)
Mr N Measham	50%	6 10 18*	Foundation Governor	Chair of Audit Estates (to September 2018)
Mr B Neaves	83%	14 12 15		Audit Curriculum & QA Remuneration
Miss A Palmer	66%	31 10 18*		Curriculum & QA Personnel Chair Policy & Resources
Mr J Penny	83%	10 07 17	Student Governor Stepped down 9 07 18	
Mr G Rockett	100%	12 12 16	Support staff Governor	Estates (from March 17)
Mr T Rogerson	33%	05 10 16*	Vice-Chairman Chairman from 15 10 18	Remuneration (Chair from 15 10 18) Chair of Search & Governance (to 15 10 18) Chair of Policy & Resources (to 15 10 18)
Miss S Russell			Principal ex-officio from 31 08 18	
Mr C Scott	100%	23 03 15*	Chairman of Governors Stepped down 15 10 18	Policy & Resources (to 15 10 18) Search & Governance ( to 15 10 18) Remuneration (to 15 10 18)
Mrs A Storey	83%	12 07 17*	Vice Chairman from 16 10 18	Chair of Estates (to 15 10 18) Curriculum & QA (to 15 10 18) Policy & Resources (Chair from 15 10 18) Search & Governance from June 18) Remuneration from 15 10 18
Dr R Sykes	83%	8 05 17		Curriculum & QA (from May 17 and Chair from 15 10 18) Policy & Resources (from 15 10 18)
Mr A Sydney	83%	9 10 17	Foundation Governor	Estates
Mrs T Thorne	100%	18 05 15		Audit Search & Governance (Chair from 15 10 18)
Rt Rev D Williams	66%	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.

T M Rogerson (Chairman of Governors)

10<sup>th</sup> December 2018

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 2018, 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 2018 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 she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Agreement between the College and the funding bodies. She 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 2018 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 year ended 31 July 2018 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 her 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 10 December 2018, the Corporation reviewed the effectiveness of the system of internal control for the year ended 31 July 2018 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2018.

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 no Bank loans. 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 10th December 2018 and signed on its behalf by:

T M Rogerson (Chairman of Governors)

S Russell (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 grant funding agreements and contracts with the ESFA.

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 agreements and contracts with the ESFA.

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.

T M Rogerson (Chairman of Governors)

10th December 2018

S Russell (Principal)

10th December 2018

## 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

T M Rogerson (Chairman of Governors)

10th December 2018

## **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 2018 which comprise the college statement of comprehensive income, the college statement of changes in reserves, the college balance sheet, the college 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, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2018 and of the College's deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

### **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 other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information. Our opinion on the financial statements does not cover the other information and 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 2017 to 2018 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

**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

14<sup>th</sup> December 2018

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 JULY 2018**

	Notes	2018	2017
		£	£
<b>Income</b>			
Funding body grants	2	17,675,629	16,866,224
Tuition fees and education contracts	3	1,455,649	1,479,994
Other income	4	3,551,829	3,735,795
Investment income	5	15,359	9,523
Donations and endowments	6	-	-
<b>Total Income</b>		<b><u>22,698,466</u></b>	<b><u>22,091,536</u></b>
<b>Expenditure</b>			
Staff costs	7	15,785,722	15,121,836
Other operating Expenses	8	6,382,844	6,262,232
Depreciation	11	780,926	880,003
Interest and other finance costs	9	140,353	153,980
<b>Total Expenditure</b>		<b><u>23,089,845</u></b>	<b><u>22,418,051</u></b>
<b>(Deficit) before other gains and losses</b>		<b>(391,379)</b>	<b>(326,515)</b>
Profit on disposal of assets		-	-
<b>(Deficit) for the year</b>		<b><u>(391,379)</u></b>	<b><u>(326,515)</u></b>
Remeasurement of net defined benefit pension liability		1,150,000	1,250,000
<b>Total Comprehensive Income for the year</b>		<b><u>758,621</u></b>	<b><u>923,485</u></b>
<b>Represented by:</b>			
Restricted Comprehensive income		908	3,030
Unrestricted comprehensive income		757,713	920,455
		<b><u>758,621</u></b>	<b><u>923,485</u></b>

**STATEMENT OF CHANGES IN RESERVES**

**FOR THE YEAR ENDED 31 JULY 2018**

	Restricted reserve £	Income and expenditure account £	Revaluation reserve £	Total £
<b>Balance at 1 August 2016</b>	354,707	5,173,907	1,909,762	7,438,376
(Deficit) 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 and restricted reserves	3,030	110,166	(113,196)	-
<b>Balance at 31 July 2017</b>	<b>357,737</b>	<b>6,207,558</b>	<b>1,796,566</b>	<b>8,361,861</b>
(Deficit) from the Income and expenditure account	-	(391,379)	-	(391,379)
Other Comprehensive Income	-	1,150,000	-	1,150,000
Transfer between revaluation and Income and expenditure reserves and restricted reserves	908	109,988	(110,896)	-
Transfer between expendable endowment and Income and expenditure reserve.	(11,000)	11,000	-	-
<b>Balance at 31 July 2018</b>	<b>347,645</b>	<b>7,087,167</b>	<b>1,685,670</b>	<b>9,120,482</b>

**BALANCE SHEET AS AT 31 JULY 2018**

	Notes	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	11	17,732,369	18,308,685
Investments	12	59,461	58,554
		<u>17,791,830</u>	<u>18,367,239</u>
<b>Current assets</b>			
Stocks		22,645	19,235
Debtors	13	384,253	413,128
Investments		1,007,362	1,000,756
Cash and cash equivalents	17	3,730,692	3,413,344
		<u>5,144,952</u>	<u>4,846,463</u>
<b>Creditors: amounts falling due within one year</b>	14	2,854,350	3,030,691
<b>Net current assets</b>		<u>2,290,602</u>	<u>1,815,772</u>
<b>Total assets less current liabilities</b>		<b>20,082,432</b>	<b>20,183,011</b>
<b>Creditors: amounts falling due after more than one year</b>	15	5,767,301	5,985,810
<b>Provisions</b>	16	5,194,649	5,835,340
<b>Total net assets</b>		<u>9,120,482</u>	<u>8,361,861</u>
<b>Restricted Reserves</b>			
Restricted reserve	20	347,645	357,737
<b>Unrestricted Reserves</b>			
Income and expenditure account		7,087,167	6,207,558
Revaluation reserve		1,685,670	1,796,566
Total unrestricted reserves		<u>8,772,837</u>	<u>8,004,124</u>
<b>Total reserves</b>		<u>9,120,482</u>	<u>8,361,861</u>

The financial statements on pages 26 to 50 were approved and authorised for issue by the Corporation on 10th December 2018 and were signed on its behalf by:

T M Rogerson FCA (Chairman of Governors) 10th December 2018

S Russell (Principal) 10th December 2018

**STATEMENT OF CASHFLOWS**

**FOR THE YEAR ENDED 31 JULY 2018**

	2018	2017
	£	£
<b>Cash flow from operating activities</b>		
(Deficit) for the year	(391,379)	(326,515)
<b>Adjustment for non-cash items</b>		
Depreciation	780,926	880,003
(Increase)/Decrease in stocks	(3,410)	2,384
Decrease/(Increase) in debtors	28,875	(126,319)
(Decrease) in creditors due within one year	(176,341)	(185,860)
(Decrease) in creditors due after one year	(218,509)	(367,742)
(Decrease) in Enhanced Pension provisions	(690)	(862)
Pension costs less contributions payable	510,000	550,000
<b>Adjustment for investing or financing activities</b>		
Investment income	(15,359)	(9,523)
(Gain)in Investments Value	(907)	(3,031)
Endowment Income	-	-
Interest payable	-	3,607
(Gain)on sale of fixed assets	-	-
<b>Net cash flow from operating activities</b>	<u>513,206</u>	<u>416,142</u>
<b>Cash flow from investing activities</b>		
Proceeds from sale of fixed assets	-	-
Investment income	15,359	9,523
Endowment income	-	-
(New Deposits)	(6,607)	(1,000,756)
Payments made to acquire fixed assets	(204,610)	(711,770)
	<u>(195,858)</u>	<u>(1,703,003)</u>
<b>Cash flow from financing activities</b>		
Interest paid	-	(3,607)
Repayments of amounts borrowed	-	(826,955)
	<u>-</u>	<u>(830,562)</u>
<b>Increase/(Decrease)in cash and cash equivalents in the year</b>	<u>317,348</u>	<u>(2,117,423)</u>
Cash and cash equivalents at beginning of year	3,413,344	5,530,767
Cash and cash equivalents at end of year	3,730,692	3,413,344

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JULY 2018

#### 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 2017 to 2018* 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.

The financial statements are presented in sterling, which is also the functional currency at the College. Monetary amounts in these financial statements are rounded to the nearest £1.

##### **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 prior 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.

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 ESFA.

16-18 learner-responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments, the income recognised is the allocation for the year.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

All income from short-term deposits is credited to the 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. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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.

## **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 Statement of Comprehensive Income 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 1 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 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 19, 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 2018. 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.

	2018 £	2017 £
<b>2 FUNDING BODY GRANTS</b>		
Funding body-Recurrent grant	17,485,867	16,593,160
Funding body -Non recurrent grants	-	-
Release of Deferred Capital Grants	189,762	273,064
	<b><u>17,675,629</u></b>	<b><u>16,866,224</u></b>
	2018 £	2017 £
<b>3 TUITION FEES AND EDUCATION CONTRACTS</b>		
Tuition fees	1,455,649	1,479,994
	<b><u>1,455,649</u></b>	<b><u>1,479,994</u></b>
	2018 £	2017 £
<b>4 OTHER INCOME</b>		
Catering and boarding operations	1,824,164	1,930,099
Income designated for specific outings and projects	1,490,064	1,546,179
Other income generating activities	38,320	42,675
Other income	199,281	216,842
	<b><u>3,551,829</u></b>	<b><u>3,735,795</u></b>
	2018 £	2017 £
<b>5 INVESTMENT INCOME</b>		
Other investment income	1,264	1,598
Other interest receivable	14,095	7,925
	<b><u>15,359</u></b>	<b><u>9,523</u></b>

**6 DONATIONS AND ENDOWMENTS**

2018	2017
£	£

Expendable Endowment	-	-
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There were no new Endowments received during the year- £11,000 of the expendable endowment was distributed via grants during the year.

**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:

	2018 Number	2017 Number
Teaching staff	218	209
Non teaching staff	160	147
	<b>378</b>	<b>356</b>

**Staff costs for the above persons**

	2018 £	2017 £
Wages and salaries	12,357,893	11,813,492
Social security costs	1,059,927	1,053,877
Other pension costs including FRS102 adjustments of £370,145 (2016/17 £399,943)	2,367,902	2,254,467
	<b>15,785,722</b>	<b>15,121,836</b>

**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**

	2018 No.	2017 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:

	2018 No.	2017 No.
£50,001 to £60,000	-	1
£60,001 to £70,000	2	1
£80,001 to £90,000	1	1
£120,001 to £130,000	-	1
£130,001 to £140,000	1	-
	<u>4</u>	<u>4</u>

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

	2018 £	2017 £
Key management personnel compensation is made up as follows:		
Salaries	344,026	335,896
Employers National Insurance	42,923	41,867
Benefits in kind	3,315	3,054
	<u>390,264</u>	<u>380,817</u>
Pension contributions	56,695	55,356
<b>Total Key management personnel compensation</b>	<u><u>446,959</u></u>	<u><u>436,173</u></u>

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	129,968	128,256
Employers National Insurance	16,797	16,578
Benefits in kind	1,105	1,018
	<u>147,870</u>	<u>145,852</u>
Pension contributions	<u>21,419</u>	<u>21,137</u>

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 2017/18 or 2016/17 in respect of overseas activities.

<b>8 OTHER OPERATING EXPENSES</b>	2018 £	2017 £
Teaching departments	716,098	736,135
Teaching support services	537,019	475,230
Other support services	(22,674)	(30,978)
Administration and central services	645,667	606,803
General education expenditure	762,947	748,740
Outings and projects financed by designated receipts	1,490,064	1,546,179
Premises costs: Running costs	880,199	824,572
Premises costs: Maintenance	555,865	518,169
Premises costs: Rents and Leases	1,048	1,518
Catering and boarding operations	816,611	835,864
	<b><u>6,382,844</u></b>	<b><u>6,262,232</u></b>
Other operating expenses include:		
Auditors' remuneration		
Internal audit	13,687	12,320
Financial statements audit	14,456	14,000
Regularity audit	1,300	1,300
Other assurance services provided by the financial statements auditors	1,650	1,670
Hire of other assets - operating leases	50,230	51,009
	<b><u>50,230</u></b>	<b><u>51,009</u></b>

<b>9 INTEREST AND OTHER FINANCE COSTS</b>	2018 £	2017 £
On Bank loans, overdrafts and other loans;	-	3,607
Net interest on defined pension liability (note 19)	140,353	150,373
	<b><u>140,353</u></b>	<b><u>153,980</u></b>

**10 TAXATION**

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

**11 TANGIBLE FIXED ASSETS**

	Assets under Construction £	Land and Buildings £	Equipment £	Total £
<b>Cost or valuation</b>				
At 1 August 2017	405,140	23,862,757	3,727,967	27,995,864
Commissioning/Transfers	(405,140)	365,864	39,276	0
Additions	-	157,707	46,903	204,610
Disposals	-	-	-	-
<b>At 31 July 2018</b>	<b>-</b>	<b>24,386,328</b>	<b>3,814,146</b>	<b>28,200,474</b>
<b>Depreciation</b>				
At 1 August 2017	-	6,466,350	3,220,829	9,687,179
Charge for year	-	578,527	202,399	780,926
Eliminated in respect of disposals	-	-	-	-
<b>At 31 July 2018</b>	<b>-</b>	<b>7,044,877</b>	<b>3,423,228</b>	<b>10,468,105</b>
<b>Net book value at 31 July 2018</b>	<b>-</b>	<b>17,341,451</b>	<b>390,918</b>	<b>17,732,369</b>
Net book value at 1 August 2017	405,140	17,396,407	507,138	18,308,685

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 owned by 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.

<b>12 INVESTMENTS</b>	2018 £	2017 £
Investments in marketable securities		
At 1 August	58,554	55,523
Increase in Fair Value	907	3,031
<b>At 31 July</b>	<b>59,461</b>	<b>58,554</b>

	2018	2017
	£	£
<b>13 DEBTORS</b>		
Amounts falling due within one year		
Trade debtors	5,462	9,483
Prepayments and accrued income	378,791	403,645
	<b><u>384,253</u></b>	<b><u>413,128</u></b>

**14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2018	2017
	£	£
Payments received in advance	810,568	852,486
Trade creditors	386,664	541,224
Other taxation and social security	289,567	286,755
Accruals	372,690	364,312
Deferred Income-Government revenue Grants	108,065	101,120
Deferred Income - Government capital Grants	183,274	189,762
Short term employee benefit accrual	703,522	695,032
	<b><u>2,854,350</u></b>	<b><u>3,030,691</u></b>

Included in payments received in advance are boarding fees received in advance of £64,720 (2016/17:£182,025) 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**

	2018	2017
	£	£
Deferred Income - Government capital Grants	5,410,171	5,593,445
Payments received in advance (Falkland Island Boarding Fees) in respect of boarding fees covering periods beyond next year.	357,130	392,365
	<b><u>5,767,301</u></b>	<b><u>5,985,810</u></b>

**16 PROVISIONS**

	Enhanced pensions	Defined benefit obligations	Total
	£	£	£
<b>At 1 August 2017</b>	15,340	5,820,000	5,835,340
Expenditure in the period	(836)	(640,000)	(640,836)
Additions in the period	145	0	145
<b>At 31 July 2018</b>	<b><u>14,649</u></b>	<b><u>5,180,000</u></b>	<b><u>5,194,649</u></b>

Defined benefit obligations relate to the liabilities under the College's membership of the local Government pension scheme. Further details are given in Note 19.

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.

**17 CASH AND CASH EQUIVALENTS**

	At 1 August 2017 £	Cash flows £	At31 July 2018 £
Cash and cash equivalents	3,413,344	317,348	3,730,692
Overdrafts	-	-	-
<b>Total</b>	<b><u>3,413,344</u></b>	<b><u>317,348</u></b>	<b><u>3,730,692</u></b>

**18 FINANCIAL INSTRUMENTS**

	2018 £	2017 £
<u>Financial Assets</u>		
Debt Instruments measured at fair value through the profit and loss	59,461	58,554
Debt Instruments measured at amortised cost	<u>5,462</u>	<u>9,483</u>
	<b><u>64,923</u></b>	<b><u>68,037</u></b>
<u>Financial Liabilities</u>		
Financial Liabilities measured at amortised cost	<u>2,630,575</u>	<u>2,845,419</u>

**19 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%.

<b>Total pension cost for the year</b>	2018 £	2017 £
Teachers Pension Scheme:contributions paid	1,359,449	1,292,634
Local Government Pension Scheme: contributions paid	633,531	557,642
FRS102 Excess Service Costs	370,000	400,000
Enhanced pension charge	145	(57)
AEGON Defined Contribution Scheme	4,777	4,248
<b>Total pension cost for the year</b>	<b><u>2,367,902</u></b>	<b><u>2,254,467</u></b>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuations of the TPS was 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £254,745 (2017: £241,610) 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 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 teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

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.

Under the definitions set out in FRS102 (28.11), the TPS is a multi-employer pension plan.The College is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

### **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 at some point in 2019.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £1,359,449 (2017:£1,292,634).

### **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 2018 was £854,115, of which employer's contributions totalled £633,531 and employees contributions totalled £220,584. The agreed contribution rates for next year are a fixed figure of £155,400 p.a plus 16.7% (broadly equivalent to 22%) for employers and between 5.5% and 12.5% for employees, depending on salary.

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

**Principal Actuarial Assumptions**

The following information is based upon a full triennial valuation of the fund at 31 March 2016 updated to 31 July 2018 by a qualified independent actuary.

	<b>At 31 July 2018</b>	<b>At 31 July 2017</b>
Rate of increase in salaries	3.6%	3.5%
Future pension increases	2.1%	2.0%
Discount rate for scheme liabilities	2.8%	2.6%
inflation assumption (CPI)	2.1%	2.0%

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

	<b>At 31 July 2018</b>	<b>At 31 July 2017</b>
<i>Retiring today</i>		
Males	24.1	24.0
Females	27.2	27.0
<i>Retiring in 20 years</i>		
Males	26.2	26.0
Females	29.4	29.3

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

	<b>Fair value July 2018</b>	<b>Fair value July 2017</b>
	£ '000	£ '000
Equities	8,249	6,842
Property	908	727
Government bonds	2,996	2,773
Corporate bonds	143	123
Cash	272	335
Other	402	380
Total fair value of plan assets	<u>12,970</u>	<u>11,180</u>
Actual return on plan assets	<u>1,170</u>	<u>1,170</u>

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

	2018 £ '000	2017 £ '000
Fair value of plan assets	12,970	11,180
Present value of plan liabilities	<u>(18,165)</u>	<u>(17,016)</u>
<b>Net pensions Liability</b>	<b><u>(5,195)</u></b>	<b><u>(5,836)</u></b>

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

**Amounts included in staff costs**

Current service cost	1,010	970
Past service cost	-	-
<b>Pension costs</b>	<b><u>1,010</u></b>	<b><u>970</u></b>

**Amounts included in interest and other Finance costs**

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

**Amount recognised in Other Comprehensive Income**

Return on pension plan assets	870	940
Experience gains arising on defined benefit obligations	280	310
Amount recognised in Other Comprehensive Income	<u>1,150</u>	<u>1,250</u>

**Movement in net defined benefit Liability during year**

Net defined benefit (liability) in scheme at 1 August	(5,836)	(6,536)
Movement in year:		
Current service cost	(1,010)	(970)
Employer contributions	641	570
Past service cost	0	0
Net interest on the defined liability	(140)	(150)
Actuarial Gain/(loss)	1,150	1,250
<b>Net defined benefit liability at 31 July</b>	<b><u>(5,195)</u></b>	<b><u>(5,836)</u></b>

**Asset and Liability Reconciliation**

<b>Defined benefit obligations at 1 August</b>	17,016	16,026
Service cost	1,010	970
Interest cost	440	380
Employee contributions	210	230
Actuarial (Gain)/ Loss	(280)	(310)
Benefits paid	(231)	(280)
<b>Liabilities at 31 July</b>	<b><u>18,165</u></b>	<b><u>17,016</u></b>

<b>Changes in fair value of plan assets</b>	2018 £ '000	2017 £ '000
<b>Fair value of plan assets at 1 August</b>	11,180	9,490
Interest on plan assets	300	230
Actuarial gain	870	940
Employer contributions	641	570
Employee contributions	210	230
Benefits paid	(231)	(280)
<b>Fair value of plan assets at 31 July</b>	<u>12,970</u>	<u>11,180</u>

**20 RESTRICTED RESERVE**

	2018 £	2017 £
Robert Hirst Design expendable endowment	281,849	292,849
Paul Woodhouse Fund	59,462	58,554
Clement Edwards Fund	6,047	6,047
John Livy Fund	287	287
	<u>347,645</u>	<u>357,737</u>

The Robert Hirst expendable endowment is to support students going on to study three dimensional design. There were no donations or interest income this year, Scholarships were awarded to 11 students for a total of £11,000.

The other restricted reserves represent a bequest from Clement Edwards for the purposes of annual prizes to photography students,( No new donations awards or interest income).

A bequest from Paul Woodhouse for the purpose of establishing a hardship fund for students, ( No new donations or awards and income of £908).

and a bequest from John Livy to reward good communication in science. ( No new donations or awards or income).

	2018 £	2017 £
<b>21 CAPITAL COMMITMENTS</b>		
Capital expenditure that has been contracted for at the year-end but has not been provided for in the financial statements:	<u>-</u>	<u>146,337</u>

**22 FINANCIAL COMMITMENTS**

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

	2018	2017
	£	£
Other		
Expiring within one year	50,230	46,476
Expiring within two and five years inclusive	132,746	30,011
Total for remainder of leases	<u>182,976</u>	<u>76,487</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.

During the year, the College purchased legal services of £10,951 (2017:N/A) from a partnership related due to a common directorship. No amounts were owed at the year end (2017:N/A).

The total expenses paid to or on behalf of the Governors during the year was £228 (2016/17 £775)

The total number of Governors concerned was 3 (2016/17 :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.

	2018	2017
	£	£
<b>24 AMOUNTS DISBURSED AS AGENT</b>		
Funding Body Grants and bursaries	185,281	211,348
Less:		
Disbursed to Students	(153,941)	(202,345)
Administration	(8,826)	(9,003)
Balance unspent at 31 July included in creditors	<u>22,514</u>	<u>-</u>

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

The Funding body has decreed that the grants and related disbursements are therefore excluded from the 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 FOR EDUCATION ACTING THROUGH THE EDUCATION AND SKILLS FUNDING AGENCY**

**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 grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA"), to obtain limited assurance about whether the expenditure disbursed and income received by Peter Symonds College during the period 1 August 2017 to 31 July 2018 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 2017 to 31 July 2018 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 (the "ACoP") issued by the ESFA. 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 the ESFA has other assurance arrangements in place.

We are independent of the 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 grant funding agreements and contracts with the ESFA 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 Corporation'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 ACoP.

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 2017 to 31 July 2018 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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