

CITY OF STOKE ON TRENT SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2015



**Report and Financial Statements
for the year ended 31 July 2015**

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Operating and Financial Review

NATURE, OBJECTIVES AND STRATEGIES:

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

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting the City of Stoke on Trent Sixth Form College. The College is an exempt charity for the purposes of the Charities Act 2011.

The Corporation was incorporated as City of Stoke on Trent Sixth Form College.

Mission

The College's mission, as approved by the Corporation, is to provide:

"A young person's college; developing skills, inspiring excellence."

Public Benefit

The City of Stoke on Trent Sixth form College is an exempt charity under the Part 3 of the Charities Act 2011 and from 1 September 2013 is regulated by the Secretary of State for Education for Sixth Form Colleges as Principal Regulator for Sixth Form Colleges in England. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 11 and 12.

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

- High-quality teaching
- Widening participation
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce.

Implementation of strategic plan

In July 2015 the College adopted a strategic plan for the period 2015 to 2018. The Corporation monitors the performance of the College against this plan. The plan is reviewed and updated each year. The College's continuing strategic objectives are to:

1. Strive to become the outstanding provider of 16 – 19 general education within the City and across North Staffordshire.
2. Build the capacity of staff to enhance the student experience.
3. Be the specialist provider of 16 – 19 Level 3 programmes of study.
4. Make a unique contribution to partnership working across the city.
5. Ensure an efficient and sustainable future by the effective use of financial and human resources.

Operating and Financial Review (continued)

Strategic Ambition 1

Become the outstanding provider of 16 – 19 general education within the City and across North Staffordshire.

- 1.1 To inspire, challenge and motivate all our students to have the highest aspirations, and to achieve challenging progression aims, regardless of their prior attainment.
- 1.2 To promote high standards and set high expectations to enable all students to achieve their best.
- 1.3 To provide outstanding teaching, learning and assessment for all students on all courses.
- 1.4 To ensure all groups of students achieve to their full potential by identifying and removing any barriers that prevent equality of outcomes.
- 1.5 To ensure that all students achieve their individual learning goals, through timely and appropriate guidance and support.
- 1.6 To enable independent, flexible learning outside the classroom through the appropriate use of resources.
- 1.7 To inform parents and carers regularly and clearly about progress against our aspirational expectations, and to engage them in supporting and motivating students to achieve their aspirational targets and progression goals.
- 1.8 To ensure that equality and diversity is comprehensively promoted and that these themes are strongly prevalent across all aspects of College life.

Strategic Ambition 2

Build the capacity of staff to enhance the student experience.

- 2.1 To be recognised as a fair employer, recruiting, retaining and developing staff to have the skills and motivation to ensure outstanding student experiences, outcomes and progression.
- 2.2 To ensure that Performance Management and quality improvement processes swiftly and accurately identify any areas of underperformance and their causes, and result in rapid improvement.
- 2.3 To ensure that individual staff and teams are supported through relevant and appropriate staff development, coaching and mentoring.
- 2.4 To develop a sustainable approach to Leadership and Management through succession planning.

Strategic Ambition 3

The specialist provider of 16 – 19 Level 3 programmes of study.

- 3.1 To be the acknowledged centre of excellence for curriculum expertise at Advanced Level.
- 3.2 To further develop the College Curriculum in response to curriculum reform and local and national priorities, with the aim of ensuring successful outcomes and progression for all students.
- 3.2 To further develop our Programmes of Study to ensure that students reach appropriate levels of accreditation in Maths and English, and are challenged to extend their horizons and to develop a wide range of personal, social and employability skills.

Operating and Financial Review (continued)

Strategic Ambition 4

To make a unique contribution to partnership working across the City.

- 4.1 To take a leading role in the delivery of effective partnerships with all local educational providers to enhance the national reputation of the City and the achievement of its young people.
- 4.2 To promote the opportunities for young people to contribute and enhance their local community.
- 4.3 To provide a platform for young people to engage with stakeholders and the wider community to influence policy and practise.
- 4.4 To continue to foster the values and ethos of the college throughout the local community.

Strategic Ambition 5

Ensure an efficient and sustainable future by the effective use of financial and human resources.

- 5.1 To operate sound financial policies, seeking further financial efficiencies and new sources of income growth in order to support achievement of the College's vision.
- 5.2 To develop more sustainable approaches within the College in order to set the right example for students.
- 5.3 To ensure that everyone feels safe at the College, and that all legislative requirements are fulfilled.
- 5.4 To plan for the optimal development of the College buildings within available funding in order to meet the needs of students and staff more effectively.
- 5.5 To make best use of available funding to meet the resource needs of students and staff.

The College is on target for achieving these objectives.

The College's specific objectives for 2014/15 and achievement of those objectives is addressed below:

- The College achieved 1,601 funded FTE learners against a target of 1,692 FTE learners.
- Student success rates were maintained at 1% above the national average on Level 3 programmes. Achievement on AS Programmes improved as did the proportion of students getting higher grades above national average and maintained outstanding levels of achievement on BTEC level 3 programmes.
- Improved the quality of teaching, learning and assessment by ensuring appropriate levels of staff utilisation against a background of reduced funding from central government.
- Enhanced the range of facilities and support available to students.

Financial objectives

The College sets annual financial objectives in order to continue to maintain high standards of education and support for learners by the efficient use of funding allocated to the College.

In addition the College wishes to remain financially sound so as to:

- Protect itself from unforeseen adverse changes in enrolments and learner activity levels. It should be noted that although the concept of the current funding methodology reduces the risk of in-year reconciliation any under achievement of targets in one year could lead to rebasing of allocations and reduced funding in future years.
- Provide a safe, pleasant and secure working environment for learners and staff.

Operating and Financial Review (continued)

- Generate sufficient income to enable maintenance and improvement of its accommodation and equipment.
- Develop staff to their full potential to enable them to motivate learners to achieve their goals.

The College wishes to maintain the confidence of funders, suppliers, bankers and auditors whilst also raising the awareness of College staff of the financial environment under which it operates.

A series of performance indicators have been agreed to monitor the successful implementation of the policies.

Performance indicators

The College is measured by a number of financial and non-financial indicators, the latter include:

- Success Rates
- Achievements Rates
- Retention Rates
- Learner Destinations

The College is committed to observing the importance of the measures and indicators and is monitoring these through the completion of the annual Finance Record for the Education Funding Agency. The current rating of 'Outstanding' is considered an acceptable outcome.

FINANCIAL POSITION

Financial results

The College generated an operating surplus in the year of £332,000 (2013/14 – surplus of £125,000).

The College has an accumulated income and expenditure reserve of £8,752,000 before pension reserve and cash balances of £6,523,000. The College wishes to continue to accumulate reserves and cash balances in order to create a contingency fund for future potential development within the university quarter. The estates strategy identifies several potential capital enhancements to improve facilities.

Tangible fixed asset additions during the year amounted to £78,000. This related to expenditure on College buildings and IT facilities.

The College has significant reliance on the EFA for its principal funding source, largely from recurrent grants. In 2014/15 the EFA provided 95% of the College's total income. Actions taken by the College in each of the last three years has significantly reduced the operating cost base in order to provide some protection from future funding cuts.

Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has a separate treasury management policy in place.

The College has no short term borrowings for temporary revenue purposes. All other borrowing requires the authorisation of the Corporation. In addition the College is exploring the possibility of repaying early the long term fixed rate loan taken out to support the cost of the relocation project.

Operating and Financial Review (continued)

Cash flows

Cash flow from operating activities showed a net inflow of £827,000 (2013/14 inflow of £475,000). Total bank loans reduced from £3,096,000 to £3,022,000 during the period due to repayments.

Liquidity

The College has a long term bank loan of £3,022,000 used to part fund the relocation capital project. The interest rate for this facility has been fixed for the length of the loan. Capital repayments of £74,000 were made in 2014/15. The College is exploring the possibility of an early repayment of this loan.

The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cashflow. During the year this margin was comfortably exceeded.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2014/15 the College has delivered activity that has produced £7,336,000 in EFA main allocation funding (2013/14 – £7,154,000). In total the College had 1,601 FTE EFA funded students.

Student achievements

Students continue to progress at the College. A2 Achievement Rates were maintained at a high level, 97%, AS Achievement rates improved as did the percentage of students gaining high grades. Achievement on BTEC programmes, which account for 40% of provision, were outstanding at 99% with over 52% achieving distinction grades. The published OfSTED data which is based on social deprivation shows that students achieve greater levels of success than those in similarly deprived areas of the country.

Curriculum developments

The College has further developed the curriculum in response to proposed changes in A Levels and GCSE's and student needs with an emphasis on ensuring high levels of progression to higher education and employment. Over 95% of students progress to positive destinations in higher education, apprenticeships or employment.

In contrast to many Sixth Form Colleges, significant numbers of our students have low levels of prior educational achievement. The College is growing the range of courses aimed at these students and is adapting modes of delivery to provide more focused support for individuals.

The introduction of Progression Pathways and the associated Pathway Plus programme is having a significant impact on improving student's employability and research skills.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2014 to 31 July 2015, the College paid 80 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Post balance sheet events

The Principal resigned and took early retirement with effect from 31st August 2015. A process for the recruitment of a new Principal took place during the year with the successful candidate taking up his

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Operating and Financial Review (continued)

position at the beginning January 2016. The Deputy Principal is currently assuming the role of Acting Principal.

Future developments

The College submitted, as part of the original 'Approval in Principle', details of several shared facilities with Staffordshire University and Stoke on Trent College. Although AiP was received for these facilities no additional grant has been made available. The College continues to build up additional funds to invest in further shared facilities as the University Quarter develops.

RESOURCES:

The College has various resources that it can deploy in pursuit of its strategic objectives.

Tangible resources include the main college site, a new £31,900,000 building at Leek Road and long term investments for the use of sports facilities at Fenton Manor and science facilities at Staffordshire University on Leek Road.

Financial

The College has £26,827,000 of net assets (including £2,351,000 pension liability) and long term debt of £2,942,000.

People

The College employs 129 people (expressed as full time equivalents), of whom 74 are teaching staff.

Reputation

The College has a good reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships.

PRINCIPAL RISKS AND UNCERTAINTIES:

During the year the College has continued to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Based on the strategic plan, senior management undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, senior management will also consider any risks which may arise as a result of new areas of work being undertaken by the College.

A risk register is maintained at the College level which is reviewed at least annually by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

This is supported by a risk management training programme to raise awareness of risk throughout the College.

Following a review of the assurance framework governors decided that although there is no longer a mandatory requirement for internal audit they are still expected to ensure that overall assurance needs are met within an approved assurance framework. They therefore decided to retain a combination of internal audit work and bespoke contractor reviews in key assurance areas.

Operating and Financial Review (continued)

Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

1. Government funding

The College has considerable reliance on continued government funding through the EFA and other funding bodies. In 2014/15, 95% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of several issues which may impact on future funding including:

- The current 'lagged numbers' funding system which affects future capacity to increase enrolment targets.
- The adverse effect on funding of the continued cuts in public spending through potential funding rate reductions and non funding of learner number growth.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements.
- By ensuring the College is rigorous in delivering high quality education and training.
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
- Maintaining high levels of staff utilisation across the curriculum and support areas.

2. Maintain adequate funding of pension liabilities

The financial statements report the share of the pension scheme deficit on the College's balance sheet in line with the requirements of FRS 17.

STAKEHOLDER RELATIONSHIPS

In line with other colleges and with universities, the City of Stoke on Trent Sixth Form College has many stakeholders. These include:

- Students;
- Education sector funding bodies;
- Staff;
- Local employers (with specific links);
- Local Authorities;
- Government Offices/ Regional Development Agencies/LEPs;
- The local community;
- Other FE institutions;
- Trade unions;
- Professional bodies.

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

Operating and Financial Review (continued)

Equal opportunities and employment of disabled persons

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

The College's Equal Opportunities Policy, including its Race Relations and Transgender Policies, is published on the College's Internet site.

The College considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees. An equalities plan is published each year and monitored by managers and governors.

Disability statement

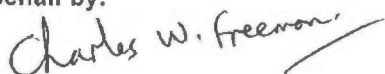
The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Acts 2001 and 2005.

- a) As part of its accommodation strategy the College has taken professional advice to ensure that the new building is particular user friendly for disabled users.
- b) The redevelopments within the current building continue to take into account requirements of people with disabilities.
- c) There is specialist equipment, such as computers, which the College can make available for use by students and a range of assistive technology is available in the learning centre.
- d) The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- e) The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- f) Learning for visually impaired students is provided by ASSIST.
- g) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
- h) Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

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 on 16 December 2015 and signed on its behalf by:



C W Freeman
Chair

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Operating and Financial Review (continued)

Professional advisers

Financial statement and regularity auditor:

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP)

Steam Mill

Chester

CH3 5AN

Internal auditor:

TIAA Limited

53-55 Gosport Business Centre

Aerodrome Road

Gosport

PO13 0FQ

Bankers:

National Westminster Bank Plc

Churchill House

Regent Road

Stoke on Trent

ST1 5SJ

Lloyds TSB Corporate Markets

2nd Floor

125 Colmore Row

Birmingham

B3 3SF

Solicitor:

Freeths LLP

Federation House

Station Road

Stoke on Trent

ST4 2SA

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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.

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);
- ii. in full accordance with the guidance to colleges from the Association of Colleges in The English Colleges' Foundation Code of Governance ("the Foundation Code"); and
- iii. having due regard to the UK Corporate Governance Code ("the Code") insofar as it is applicable to the further education sector

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College/Board has adopted and complied with the Foundation Code. We do not comply with 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 UK Corporate Governance Code we consider to be relevant to the further education sector and best practice. In the opinion of the Governors, the College complies with all the provisions of the Foundation Code, and it has complied throughout the year ended 31 July 2015. 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. In carrying out its responsibilities, it takes full account of The English Colleges' Foundation Code of Governance issued by the Association of Colleges in December 2011, which it formally adopted on 2 May 2013 and the Audit and Accountability Annex to the Foundation Code that was issued in March 2013 and adopted by the College 24 July 2013.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also the 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 members who served on the Corporation during the year and up to the date of signature of this report were as listed below.

Governors who served on the College Corporation and its committees during 2014/2015

Name	Date of appointment	Term of Office (Years)	Date of resignation	Status of appointment	Membership of Committees	No. of Meetings Attended
Miss R Basnett	17 July 2010 Reappointed 7 December 2013	2		Support Staff	Audit	8/10 (80%)
Mrs N Beech	7 July 2014	4		External	Audit	8/10 (80%)
Miss H Brownsill	1 August 2014	1		Student	Curriculum, Quality & Standards	6/9 (67%)
Mr A Clarke	23 March 2006 22 March 2009 22 March 2013	4		External	Audit (Chair), Remuneration	9/13 (69%)
Mrs K Clarke	4 October 2006 4 October 2010 4 October 2014	4		External	Finance & Resources (Chair)	110/14 (79%)
Mr M Deakin	1 August 2014	1		Student	Curriculum, Quality & Standards	6/9 (67%)
Mrs E J Durose	1 September 1994 Reappointed 1 August 2007 13 July 2011	4		External	Search & Gov , Remuneration (Chair), Finance & Resources	18/22 (82%)

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Rev G Eze	11 October 2012	4		External	Curriculum, Quality & Standards	3/9 (33%)
Dr C Freeman	5 December 2002 Reappointed 1 December 2005 30 November 2009 30 November 2013	4		External	Chair of Corporation, Curriculum, Quality & Standards (Chair); Finance & Resources, Remuneration, Search & Gov, Post-Insp Task Group	33/34 (97%)
Mr R Hewitt	4 October 2011	4		External	Audit	6/10 (60%)
Mrs D Hopwood	16 October 2014	2		Parent	Curriculum, Quality & Standards	4/7 (57%)
Mr L Kralev	17 December 2014	2		Teaching Staff	Curriculum, Quality & Standards	5/6 (83%)
Mrs A Maguire	7 July 2014	4		External	Curriculum, Quality & Standards, Finance & Resources	13/16 (81%)
Mr P Mangnall	1 September 2012	N/A	31 August 2015	Principal	Search & Gov, Curriculum, Quality & Standards, Finance & Resources	18/20 (90%)
Mr K Onions	1 April 2009 Reappointed 4 July 2010 14 July 2014	4		External	Finance and Resources	8/12 (67%)
Mrs S Robinson	4 October 2011	4		External	Search & Gov, Post Insp Task Group	6/20 (30%)
Mrs K Smith	21 May 2015	4		External		1/2 (50%)
Mr I Starkie	13 December 2007 5 October 2011	4		External	Audit, Remun, Post Insp Task Group	24/25 (96%)
Dr S Wyn Williams	2 December 2004, Reappointed December 2008 12 December 2012	4		External	Vice-Chair of Corporation Curriculum, Quality & Standards, Search and Gov (Chair), Post Insp Task Group	24/26 (92%)

Co-opted Members of Committees

Mr J Gething	17 July 2010	4		Co-opted	Audit	3/4 (75%)
Mr R Goddard	18 June 2014	4		Co-opted	Curriculum, Quality & Standards	2/3 (67%)

Clerk to the Corporation

Mr E Williams served as Clerk to the Corporation and its committees.
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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 at least on a termly basis.

Statement of Corporate Governance and Internal Control (continued)

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 Curriculum, Quality and Standards, Finance and Resources, Remuneration, Search and Governance, Capital Project Monitoring and Audit. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at:

City of Stoke on Trent Sixth Form College
Leek Road
Stoke on Trent
Staffordshire
ST4 2RU

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

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.

There is a clear division of responsibility in that the roles of the Chairman and Accounting Officer are separate.

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.

Remuneration committee

The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior post-holders.

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

Audit committee

The Audit Committee comprises four members of the Corporation (excluding the Accounting Officer and Chair). The Committee operates in accordance with 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.

Statement of Corporate Governance and Internal Control (continued)

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. Part way through the year the internal auditors merged with the College external auditors resulting in a joint appointment situation for the College. After careful consideration the Corporation resolved to terminate the appointment of the internal auditors and seek alternative options for obtaining relevant assurance and coverage of main areas of risk. The remaining key risk areas were identified for 2014/15 and reports commissioned via consultants or other audit firms.

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

Internal control

Scope of responsibility

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

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

The purpose of the system of internal control

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

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the year ending 31 July 2015 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

Statement of Corporate Governance and Internal Control (continued)

During 2013/14 the City of Stoke on Trent Sixth Form College replaced the current internal audit service with a hybrid approach of consultancy and internal audit reports to provide the Corporation with relevant assurance of main areas of risk. This was continued through 2014/15 and was informed by an analysis of the risks to which the College is exposed, and an annual audit plan 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. Reports include authors 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. His review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors
- the work of the 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 and regularity auditors in their management letters and other reports.

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

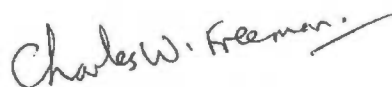
The Accounting Officer and senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Principal and senior management team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its October 2015 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2015 by considering documentation from the senior management team and internal audit, specialist reports and taking account of events since 31 July 2015.

Based on the advice of the Audit Committee and the Accounting Officer, 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 the safeguarding of their assets"*.

Going concern

After making appropriate enquiries the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Corporation on 16 December 2015 and signed on its behalf by:



C W Freeman
Chair



M Hill
Acting Principal

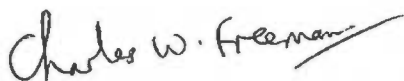
CITY OF STOKE ON TRENT SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2015

Governing Body's statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding

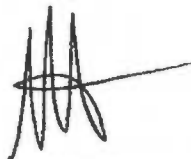
The Corporation has considered its responsibility to notify the Education Funding Agency of material regularity, impropriety and non-compliance with Education Funding Agency terms and conditions of funding, under the funding agreement in place between the College and the Education Funding Agency. As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

We confirm, on behalf of the Corporation, that after due enquiry, and **to the best of our knowledge**, we are able to identify any material irregular or improper use of funds by the College, or material non-compliance with the Education Funding Agency's terms and conditions of funding under the College's funding agreement. We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement they will be notified to the Education Funding Agency.

Approved by order of the members of the Corporation on 16 December 2015 and signed on its behalf by:



C W Freeman
Chair



M Hill
Acting
Principal

Statement of Responsibilities of the Members of the Corporation

The members of the Corporation who act as trustees for the charitable activities of the College are required to present audited financial statements for each financial year.

The law applicable to charities in England and the terms and conditions of the funding agreement agreed between the EFA and the Corporation of the College require the Corporation of the College to prepare financial statements for each financial year in accordance with the 2007 *Statement of Recommended Practice – Accounting for Further and Higher Education Institutions* and with the Accounts Direction for 2014-15 financial statements issued jointly by the Skills Funding Agency and the EFA and applicable United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and which give a true and fair view of the state of affairs of the College and the result for that year.

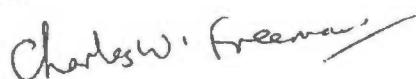
In preparing the financial statements, the Corporation is required to:

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

The Corporation is 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 Charities Act 2011 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.

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 EFA are used only in accordance with the funding agreement with the EFA 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 from the EFA are not put at risk.

Approved by order of the members of the Corporation on 16 December 2015 and signed on its behalf by:



CW Freeman
Chair

Independent Auditor's Report to the Corporation of the City of Stoke on Trent Sixth Form College

We have audited the College financial statements ("the financial statements") set out on pages 19 to 43. The financial reporting framework that has been applied in their preparation is United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) as set out in our engagement letter dated 10 November 2015.

This report is made solely to the Corporation, as a body, in accordance with the Financial Agreement published by the Education Funding Agency and our engagement letter dated 10 November 2015. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are required under our engagement letter dated 10 November 2015 to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Corporation of City of Stoke on Trent Sixth Form College and Auditor

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 17, the Corporation is responsible for the preparation of Financial Statements which give a true and fair view.

Our responsibility is to audit, and express an opinion on, the Financial Statements in accordance with the terms of our engagement letter dated 10 November 2015, the Joint Audit Code of Practice issued by the Skills Funding Agency and Education Funding Agency and International Standards on Auditing (UK and Ireland). The International Standards on Auditing (UK and Ireland) require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the Financial Statements:

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

Matters on which we are required to report by exception

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

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

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP)
Chartered Accountants
Steam Mill
Chester
CH3 5AN



Date 18 December 2015

City of Stoke on Trent Sixth Form College
Income and Expenditure Account

	Notes	2015 £'000	2014 £'000
INCOME			
Funding body grants	2	7,919	7,818
Tuition fees and education contracts	3	-	-
Research grants and other contracts	4	335	349
Other income		-	-
Endowment and investment income	5	78	78
Total income		8,332	8,245
EXPENDITURE			
Staff costs	6	5,060	4,968
Exceptional restructuring costs	6	35	98
Other operating expenses	8	1,970	1,906
Depreciation	10	752	924
Interest and other finance costs	9	183	224
Total expenditure		8,000	8,120
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before exceptional items and tax		332	125
Surplus on continuing operations after depreciation of tangible fixed assets at valuation, exceptional items and disposal of assets but before tax		332	125
Taxation		-	-
Surplus on continuing operations after depreciation of assets at valuation and tax		332	125
Surplus/(deficit) for the year transferred from accumulated income in endowment funds		-	-
Surplus for the year retained within general reserves		332	125

The income and expenditure account is in respect of continuing activities

City of Stoke on Trent Sixth Form College
Statement of Historical Cost Surpluses and Deficits

	Notes	2015 £'000	2014 £'000
Surplus on continuing operations before taxation		332	125
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	17	-	-
		<u>332</u>	<u>125</u>
Historical cost surplus for the year before taxation		<u>332</u>	<u>125</u>
Historical cost surplus for the year after taxation		<u>332</u>	<u>125</u>

Statement of Total Recognised Gains and Losses

	Notes	2015 £'000	2014 £'000
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and tax		332	125
Actuarial (loss) in respect of pension scheme	25	(426)	(321)
Increase/(decrease) in restricted reserves		2	(1)
		<u>(92)</u>	<u>(197)</u>
Total recognised (losses) relating to the year		<u>(92)</u>	<u>(197)</u>
Reconciliation			
Opening reserves and endowments		6,728	6,925
Total recognised (losses) for the year		(92)	(197)
		<u>6,636</u>	<u>6,728</u>
Closing reserves and endowments		<u>6,636</u>	<u>6,728</u>

City of Stoke on Trent Sixth Form College
Balance sheet as at 31 July 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	10	27,707	28,402
Total fixed assets		<u>27,707</u>	<u>28,402</u>
Current assets			
Stocks		18	26
Debtors	11	225	246
Cash at bank and in hand		6,523	5,945
Total current assets		<u>6,766</u>	<u>6,217</u>
Less: Creditors – amounts falling due within one year	12	<u>(2,079)</u>	<u>(2,030)</u>
Net current assets		<u>4,687</u>	<u>4,187</u>
Total assets less current liabilities		32,394	32,589
Less: Creditors – amounts falling due after more than one year	13	<u>(2,942)</u>	<u>(3,022)</u>
Less: Provisions for liabilities	15	<u>(274)</u>	<u>(273)</u>
Net assets excluding pension (liability)		<u>29,178</u>	<u>29,294</u>
Net pension (liability)	25	<u>(2,351)</u>	<u>(1,845)</u>
NET ASSETS INCLUDING PENSION (LIABILITY)		<u>26,827</u>	<u>27,449</u>
Deferred capital grants	16	<u>20,191</u>	<u>20,721</u>
Reserves			
Income and expenditure account excluding pension reserve	18	8,752	8,340
Pension reserve	25	<u>(2,351)</u>	<u>(1,845)</u>
Income and expenditure account including pension reserve	18	6,401	6,495
Revaluation reserve	17	180	180
Restricted reserve		55	53
Total reserves		<u>6,636</u>	<u>6,728</u>
TOTAL FUNDS		<u>26,827</u>	<u>27,449</u>

The financial statements on pages 19 to 43 were approved and authorised for issue by the Corporation on 16 December 2015 and were signed on its behalf on that date by:

Charles W. Freeman

C W Freeman
Chair

M Hill

M Hill
Acting Accounting Officer

City of Stoke on Trent Sixth Form College
Cash Flow Statement

	Notes	2015 £'000	2014 £'000
Cash inflow from operating activities	19	827	475
Returns on investments and servicing of finance	20	(97)	(126)
Taxation		-	-
Capital expenditure and financial investment	21	(78)	47
Financing	22	(74)	(70)
Increase in cash in the year	23	<u>578</u>	<u>326</u>
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the period		578	326
Repayment of amounts borrowed	22	74	70
Movement in net funds in the period		<u>652</u>	<u>396</u>
Net funds at 1 August		2,849	2,453
Net funds at 31 July		<u>3,501</u>	<u>2,849</u>

Notes to the Accounts

1. Accounting policies

Statement of 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 2007* (the SORP), the Accounts Direction for 2014-15 financial statements and in accordance with applicable Accounting Standards.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom Accounting Standards.

Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review. The financial position of the College, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The College currently has £3,022,000 of unsecured loans outstanding with bankers on terms negotiated in 2009 amortising over a period to April 2035 at a fixed interest rate of 6.415%. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

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

Recognition of income

The recurrent grant from the EFA represents the funding allocations attributable to the current financial year and is credited direct to the income and expenditure account.

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Skills Budget outside of the permitted tolerance level is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of November following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments. The income recognised is the allocation for the year.

Non-recurrent grants from the funding bodies or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors.

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

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned. The College has no income from restricted purpose endowment funds.

CITY OF STOKE ON TRENT SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2015

Post retirement benefits

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes, which are externally funded and contracted out of the State Earnings-Related Pension Scheme (SERPS) and the assets are held separately from those of the College.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 25, the TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the college annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the college's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Tangible fixed assets

Land and buildings

Land and buildings inherited from the local education authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between the depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure reserve on an annual basis. Building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold and leasehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

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

Where leasehold interests are purchased in buildings owned by strategic partners the cost is amortised over the period of the agreement.

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 circumstances indicate that the carrying amount of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the income and expenditure account.

CITY OF STOKE ON TRENT SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2015

On adoption of FRS 15, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

Subsequent expenditure on existing fixed assets

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

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

Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

All assets are depreciated over their useful economic life as follows:

- building improvements – 50 years on a straight-line basis
- technical equipment – 8 years on a straight-line basis
- computer equipment – 4 years on a straight-line basis
- furniture, fixtures and fittings – 8 years on a straight-line basis.

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

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.

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 to exclusively 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. Capital costs and non-pay expenditure is therefore shown inclusive of VAT with any partial recovery netted off against these figures.

Liquid resources

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

Provisions

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

CITY OF STOKE ON TRENT SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2015

Agency arrangements

The College acts as an agent in the collection and payment of Discretionary Support Funds and Bursary Funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 32, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant. The administration of Discretionary Support Fund and Bursary Fund applications and payments is carried out within the finance office.

Bank finance costs

Bank finance costs incurred in setting up loan facilities are charged to the income and expenditure account over the term of the loan.

City of Stoke on Trent Sixth Form College
Notes to the Accounts (continued)

2 Funding council grants

	2015 £'000	2014 £'000
EFA recurrent grant	7,336	7,154
EFA non recurrent grants	53	53
Releases of deferred capital grants (note 16)	530	611
	<u> </u>	<u> </u>
Total	<u>7,919</u>	<u>7,818</u>

3 Tuition fees and education contracts

	2015 £'000	2014 £'000
Tuition fees	-	-
Education contracts	-	-
	<u> </u>	<u> </u>
Total	<u>-</u>	<u>-</u>

4 Research grants and contracts

	2015 £'000	2014 £'000
Excellence Challenge/Widening participation/IB	16	11
Other grants and contracts	319	338
	<u> </u>	<u> </u>
Total	<u>335</u>	<u>349</u>

5 Endowment and investment income

	2015 £'000	2014 £'000
Other interest receivable	78	78
	<u> </u>	<u> </u>
Pension finance income (note 25)	78	78
	-	-
	<u> </u>	<u> </u>
Total	<u>78</u>	<u>78</u>

City of Stoke on Trent Sixth Form College
Notes to the Accounts (continued)

6 Staff costs

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

	2015 No.	2014 No.
Teaching staff	74	67
Non teaching staff	55	58
	<u>129</u>	<u>125</u>
Staff costs for the above persons		
	2015 £'000	2014 £'000
Wages and salaries	4,141	4,091
Social security costs	298	295
Other pension costs (including FRS 17 adjustments of £72,000 – 2014 £43,000)	615	572
	<u>5,054</u>	<u>4,958</u>
Payroll sub total	6	10
Contracted out staffing services	<u>5,060</u>	<u>4,968</u>
	35	98
Exceptional restructuring costs	<u>5,095</u>	<u>5,066</u>

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

	Senior post-holders		Other staff	
	2015 No.	2014 No.	2015 No.	2014 No.
£50,001 to £60,000	-	-	-	1
£60,001 to £70,000	-	-	1	3
£70,001 to £80,000	-	-	1	-
£90,001 to £100,000	1	1	-	-
	<u>1</u>	<u>1</u>	<u>2</u>	<u>4</u>

City of Stoke on Trent Sixth Form College
Notes to the Accounts (continued)

7 Senior post-holders' emoluments

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

	2015 No.	2014 No.
The number of senior post-holders including the Accounting Officer was:	1	1

Senior post-holders' emoluments are made up as follows:

	2015 £'000	2014 £'000
Salaries	100	96
Benefits in kind	-	-
Pension contributions	14	13
Total emoluments	114	109

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

	2015 £'000	2014 £'000
Salaries	100	96
Benefits in kind	-	-
	100	96
Pension Contributions	14	13

The pension contributions in respect of the Accounting Officer and senior post-holders are in respect of employer's contributions to the Teachers' Pension Scheme and Local Government Pension Scheme and are paid at the same rate as for other employees.

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

City of Stoke on Trent Sixth Form College
Notes to the Accounts (continued)

8 Other operating expenses

	2015	2014
	£'000	£'000
Teaching costs	200	327
Non teaching costs	1,186	1,069
Premises costs	584	510
	<u>1,970</u>	<u>1,906</u>
Total	1,970	1,906

Other operating expenses include:

	2015	2014
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	18	19
Internal audit	5	9
Losses on disposal of tangible fixed assets (where not material)	21	-
Hire of other assets – operating leases	23	23
	<u>23</u>	<u>23</u>

9 Interest payable

	2015	2014
	£'000	£'000
On bank loans, overdrafts and other loans:		
Repayable within five years, not by instalments	-	-
Repayable wholly or partly in more than five years	172	201
Facility arrangement fee	3	3
	<u>175</u>	<u>204</u>
On finance leases		
Pension finance costs (note 25)	8	20
	<u>8</u>	<u>20</u>
Total	183	224

City of Stoke on Trent Sixth form College
Notes to the Accounts (continued)

10 Tangible fixed assets

	Land and buildings Freehold	Long leasehold	Assets in Course of Construction	Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2014	28,668	2,087	-	3,025	33,780
Additions	-	-	32	46	78
Disposals	-	-	-	(119)	(119)
At 31 July 2015	28,668	2,087	32	2,952	33,739
Depreciation					
At 1 August 2014	2,619	422	-	2,337	5,378
Charge for the year	530	36	-	186	752
Elimination in respect of disposals	-	-	-	(98)	(98)
At 31 July 2015	3,149	458	-	2,425	6,032
Net book value at 31 July 2015	25,519	1,629	32	527	27,707
Net book value at 31 July 2014	26,049	1,665	-	688	28,402

Leasehold interests in Fenton Manor Sports Hall (£750,000) and Staffordshire University Science Centre (£1,337,000) provide for use of certain facilities at specified times free of charge for a total period of 30 years and 125 years respectively. The depreciation charge is over the life of the lease.

The sale of land and buildings at Fenton Manor was completed on 26th August 2012 at an agreed valuation of £2,620,000. The College has retained ownership of the playing fields which are the subject of a long term lease to the City of Stoke on Trent. An agreement for the use of the facilities by the College was signed at the same time. The sale proceeds have been partly applied to an agreement for the use of facilities within the new science building belonging to Staffordshire University. The College will also contribute towards the ongoing servicing costs on an annual basis.

The transitional rules set out in FRS 15 Tangible Fixed Assets have been applied on implementing FRS 15. Accordingly the book values at implementation have been retained. £180,000 of land is held at valuation. If the assets had not been revalued they would have been included at historical cost of £Nil.

City of Stoke on Trent Sixth form College
Notes to the Accounts (continued)

11 Debtors

	2015 £'000	2014 £'000
Amounts falling due within one year:		
Trade debtors	39	114
Prepayments and accrued income	186	132
Total	<u>225</u>	<u>246</u>

12 Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Bank loans and overdrafts	80	74
Payments received in advance	1,047	1,174
Trade creditors	230	214
Other taxation and social security	152	162
Accruals and deferred income	271	224
Education Funding Agency bursary funds carried forward	299	182
Total	<u>2,079</u>	<u>2,030</u>

13 Creditors: amounts falling due after one year

	2015 £'000	2014 £'000
Bank loans	2,942	3,022
Total	<u>2,942</u>	<u>3,022</u>

City of Stoke on Trent Sixth form College
Notes to the Accounts (continued)

14 Borrowings

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	2015 £'000	2014 £'000
In one year or less	80	74
Between one and two years	84	77
Between two and five years	289	271
In five years or more	2,569	2,674
Total	3,022	3,096

The £3,022,000 is an unsecured long term loan amortising over 23.5 years at a fixed interest rate of 6.415%

15 Provisions for liabilities and charges

	Enhanced pensions £'000	Total £'000
At 1 August 2014	273	273
Expenditure in the period	(20)	(20)
Transferred from income and expenditure	21	21
At 31 July 2015	274	274

The enhanced pension provision relates to the cost of staff who have already left the College's employment. This provision has been recalculated in accordance with guidance provided by the LSC and its successor organisations.

The principal assumptions for this calculation are:

	2015	2014
Price inflation	3.46%	4.06%
Discount rate	1.75%	2.25%

City of Stoke on Trent Sixth Form College
Notes to the Accounts (continued)

16 Deferred capital grants

	Funding body grants £'000	Other Funding Grants £'000	Total £'000
At 1 August 2014	20,620	101	20,721
Cash received	-	-	-
Released to income and expenditure account (note 2)	(528)	(2)	(530)
At 31 July 2015	<u>20,092</u>	<u>99</u>	<u>20,191</u>

17 Revaluation reserve

	2015 £'000	2014 £'000
At 1 August 2014	180	180
Release of revaluation reserves	-	-
At 31 July 2015	<u>180</u>	<u>180</u>

18 Movement on general reserves

	2015 £'000	2014 £'000
Income and expenditure account reserve		
At 1 August 2014	6495	6691
Surplus retained for the year	332	125
Transfer from revaluation reserve	-	-
Actuarial (loss) in respect of pension scheme	(426)	(321)
At 31 July 2015	<u>6,401</u>	<u>6,495</u>
Balance represented by:		
Pension reserve	(2,351)	(1,845)
Income and expenditure account reserve excluding pension reserve	8,752	8,340
At 31 July 2015	<u>6,401</u>	<u>6,495</u>

City of Stoke on Trent Sixth Form College
Notes to the Accounts (continued)

19 Reconciliation of operating surplus to net cash inflow from operating activities

	2015 £'000	2014 £'000
Surplus on continuing operations after depreciation of assets at valuation	332	125
Depreciation (note 10)	752	924
Deferred capital grants released to income (note 16)	(530)	(611)
Loss on disposal of tangible fixed assets	21	-
Interest payable (note 9)	183	224
Interest receivable (note 5)	(78)	(78)
FRS 17 pension cost less contributions payable (notes 6 and 25)	72	43
FRS 17 pension finance income (note 5)	-	-
Decrease in stocks	8	14
Decrease/(increase) in debtors	21	(34)
Increase/(decrease) in creditors	43	(133)
Increase in provisions	1	2
Increase/(decrease) in restricted reserve	2	(1)
Net cash inflow from operating activities	827	475

20 Returns on investments and servicing of finance

	2015 £'000	2014 £'000
Other interest received	78	78
Interest paid	(175)	(204)
Net cash outflow from returns on investment and servicing of finance	(97)	(126)

21 Capital expenditure and financial investment

	2015 £'000	2014 £'000
Purchase of tangible fixed assets	(78)	(54)
Deferred capital grants received	-	101
Net cash (outflow)/inflow from capital expenditure and financial investment	(78)	47

City of Stoke on Trent Sixth Form College
Notes to the Accounts (continued)

22 Financing

	2015 £'000	2014 £'000
Debt due beyond a year:		
Repayment of amounts borrowed	(74)	(70)
Net cash (outflow) from financing	(74)	(70)

23 Analysis of changes in net funds

	At 1 August 2014 £'000	Cash flows £'000	Other changes £'000	At 31 July 2015 £'000
Cash in hand, and at bank	5,945	578		6,523
	<u>5,945</u>	<u>578</u>	<u>-</u>	<u>6,523</u>
Debt due within 1 year	(74)	(6)	-	(80)
Debt due after 1 year	(3,022)	80	-	(2,942)
Total	<u>2,849</u>	<u>652</u>	<u>-</u>	<u>3,501</u>

24 Property Strategy (Costs)/Income

	2015 £'000	2014 £'000
Release of previous provision	<u>-</u>	<u>-</u>

The purchase of the Leek Road site was achieved with compulsory purchase orders on some properties. A provision of £53,750 remains in the accounts. The statutory period for claims expires during 2015/16.

City of Stoke on Trent Sixth form College
Notes to the Accounts (continued)

25 Pension and similar obligations

The College's 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 Staffordshire County Council. Both are defined-benefit schemes.

Total pension cost for the year	2015 £'000	2014 £'000
Teachers Pension Scheme: contributions paid	375	366
Local Government Pension Scheme:		
Contributions paid	147	141
FRS 17 charge	72	43
Charge to the Income and Expenditure Account (staff costs)	219	184
Enhanced pension charge to Income and Expenditure Account (staff costs)	21	22
Total Pension Cost for Year	615	572

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £67,000 (2014: £ 71,000) were payable to the scheme and are included in creditors.

Teachers' Pension Scheme

The Teachers' Pensions Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010 and from the 1 April 2014 by the Teachers Pension Scheme regulations 2014. Retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pensions Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

City of Stoke on Trent Sixth form College Notes to the Accounts (continued)

25 Pension and similar obligations (continued)

Valuation of the Teachers' Pension Scheme

The pension costs paid to TPS in the year amounted to £375,000 (2014: £366,000)

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these were being discussed in the context of the design for a reformed TPS, and as set out in the Proposed Final Agreement, and scheme valuations had been suspended since the last valuation in 2004.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

Valuations of the TPS are now required under the Public Service Pensions Act 2013 every 4 years and are required to be carried out in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury.

An actuarial valuation of the TPS in accordance with these Directions was published in June 2014 assessing the TPS as at 31 March 2012. The GA's report revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £191,500 million. The notional value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176,600 million. 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%.

Employer and employee contribution rates

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

From 1 April 2013 to 31 March 2014, the employee contribution rate will range between 6.4% and 11.2%, depending on a member's Full Time Equivalent salary and for 2014/15 will range between 6.4% and 12.4%. Thereafter members will be expected to pay an average contribution rate of 9.6%.

The TPS valuation for 2012 determined an employer contribution rate of 16.4% from September 2015 and an employee cost cap of 10.9%, both to be set in regulations until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

There will be further reforms and changes to the TPS with a new 2015 scheme.

City of Stoke on Trent Sixth form College **Notes to the Accounts (continued)**

25 Pension and similar obligations (continued)

FRS 17

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the College has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by Staffordshire County Council Local Authority . The total contribution made for the year ended 31 July 2014 was £210,000, of which employer's contributions totalled £147,000 and employees' contributions totalled £63,000. The agreed contribution rates for future years are 15.0 per cent for employers and range from 5.5% to 7.5% cent for employees.

FRS 17

Principal Actuarial Assumptions	At 31 July 2015	At 31 July 2014
Rate of increase in salaries	4.50%	4.50%
Rate of increase for pensions in payment / inflation	2.60%	2.70%
Discount rate for scheme liabilities	3.60%	4.00%
Inflation assumption (CPI)	2.60%	2.90%
Commutation of pensions to lump sums - pre April 2008 service	50.00%	50.00%
Commutation of pensions to lump sums - post April 2008 service	75.00%	75.00%

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

	At 31 July 2015	At 31 July 2014
<i>Retiring today</i>		
Males	22.10	22.10
Females	24.30	24.30
<i>Retiring in 20 years</i>		
Males	24.30	24.30
Females	26.60	26.60

City of Stoke on Trent Sixth Form College
Notes to the Accounts (continued)

25 Pension and similar obligations (continued)

Local Government Pension Scheme (Continued)

The college's estimated share of the assets and liabilities in the scheme and the expected rates of return were:

	Long-term rate of return expected at 31 July 2014	Value at 31 July 2014 £'000	Long-term rate of return expected at 31 July 2013	Value at 31 July 2013 £'000
Equities	3.60%	3,285	6.60%	3,023
Bonds	3.60%	488	3.60%	483
Property	3.60%	400	4.70%	322
Cash	3.60%	266	3.60%	201
Total market value of assets		4,439		4,029
Present value of scheme liabilities				
- Funded		(6,790)		(5,874)
- Unfunded		-		-
(Deficit) in the scheme		(2,351)		(1,845)

The FRS Results Schedule as at 31 July 2015 includes £0 (2014 £297,000) in respect of 'Present Value of Unfunded Liabilities'. These amounts are already accounted for in note 15 'Provisions for Liabilities and Charges'. They have, therefore, been omitted from this note.

The actuarial deficit for the year is summarised as follows:

Actuarial (losses)	(426)	(618)
Duplication of unfunded liabilities	-	297
	<u>(426)</u>	<u>(321)</u>

Amounts recognised in the income and expenditure account

	2015 £'000	2014 £'000
Current service cost (net of employee contributions)	236	187
Past service cost	-	-
Total operating charge	236	187

Analysis of pension finance income / (costs)

	2015 £'000	2014 £'000
Expected return on pension scheme assets	242	219
Interest on pension liabilities	(250)	(239)
Pension finance (costs)	(8)	(20)

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since the adoption of FRS 17 is £(426,000) ((2014: £321,000))

City of Stoke on Trent Sixth form College
Notes to the Accounts (continued)

25 Pension and similar obligations (continued)

Local Government Pension Scheme (Continued)

Asset and Liability Reconciliation

Movements in the present value of defined benefit obligations were as follows:

	2015	2014
	£'000	£'000
Liabilities at start of period	5,874	5,129
Service cost	236	207
Interest cost	250	239
Employee contributions	63	58
Liabilities assumed in a business combination	-	-
Actuarial loss	491	352
Benefits paid	(124)	(112)
Past Service cost	-	-
Curtailments and settlements	-	1
Liabilities at end of period	6,790	5,874

Movements in the fair value of College's share of scheme assets :

Assets at start of period	4,029	3,668
Expected return on assets	242	219
Actuarial gain/(loss)	65	31
Employer contributions	164	165
Employee contributions	63	58
Benefits paid	(124)	(112)
Assets distributed on settlements	-	-
Assets acquired in a business combination	-	-
Assets at end of period	4,439	4,029

The estimated value of employer contributions for the year ended 31st July 2016 is £168,000.

City of Stoke on Trent Sixth Form College
Notes to the Accounts (continued)

25 Pension and similar obligations (continued)

Local Government Pension Scheme (Continued)

The five year history of experience adjustments is as follows :

	2015	2014	2013	2012	2011
Present value of defined benefits and obligations	(6,790)	(5,874)	(5,129)	(4,650)	(3,821)
Fair value of share of scheme assets	4,439	4,029	3,668	2,975	2,728
Deficit in the scheme	(2,351)	(1,845)	(1,461)	(1,675)	(1,093)

History of experience gains and losses

	2015	2014	2013	2012	2011
Difference between the expected and actual return on assets:					
Amount £'000*	65	31	416	(59)	59
Experience gains and losses on scheme liabilities:					
Amount £'000*	339	(79)	(5)	(43)	346

26 Post-balance sheet events

There are no post balance sheet events

27 Capital commitments

	2015 £'000	2014 £'000
Commitments contracted for at 31 July	<u>52</u>	<u>8</u>
Authorised but not contracted at 31 July	<u>448</u>	<u>NIL</u>

28 Financial commitments

At 31 July the College had annual commitments under non-cancellable operating leases as

	2015 £'000	2014 £'000
Other		
Expiring within one year	2	-
Expiring within two and five years inclusive	-	23
Expiring in over five years	-	-
	<u>2</u>	<u>23</u>

City of Stoke on Trent Sixth Form College
Notes to the Accounts (continued)

29 Contingent liability

There are no contingent liabilities to report

30 Related party transactions

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

31 Amounts disbursed as agent

EFA 16-19 Bursary Funds

	2015	2014
	£'000	£'000
Balance b/fwd	182	146
Funding body grants – hardship support	384	316
	<u>566</u>	<u>462</u>
Disbursed to students	(254)	(267)
Administration Fee	(13)	(13)
	<u>299</u>	<u>182</u>
Balance unspent as at 31 July, included in other creditors		

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the income and expenditure account. The income and expenditure consolidated in the College's financial statements relates to the purchase of some equipment from the access fund and the payment of accommodation by the College on the student's behalf.

CITY OF STOKE ON TRENT SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2015

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF CITY OF STOKE ON TRENT SIXTH FORM COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE EDUCATION FUNDING AGENCY

This report is produced in accordance with the terms of our engagement letter dated 10 November 2015 and further to the requirements of the funding agreement with the Education Funding Agency we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed or income received by the City of Stoke on Trent Sixth Form College during the period 1 August 2014 to 31 July 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

The framework that has been applied is set out in the Joint Audit Code of Practice issued jointly by Skills Funding Agency and the Education Funding Agency. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which Education Funding Agency has other assurance arrangements in place.

This report is made solely to the Corporation of City of Stoke on Trent Sixth Form College and the Secretary of State for Education Acting through the Education Funding Agency in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of the City of Stoke on Trent Sixth Form College and the Secretary of State for Education acting through the Education Funding Agency those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation of City of Stoke on Trent Sixth Form College and the Secretary of State for Education Acting through the Education Funding Agency, for our review work, for this report, or for the conclusion we have formed.

Respective Responsibilities of the City of Stoke on Trent Sixth Form College and the Reporting Accountant

The Corporation of City of Stoke on Trent Sixth Form College is responsible under the Education Funding Agency funding agreement and the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

The Corporation of City of Stoke on Trent Sixth Form College is also responsible, under the requirements of the Accounts Direction 2014/15 published by the Skills Funding Agency and the Education Funding Agency for the preparation of the Statement on Regularity, Propriety and Compliance.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethics guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Joint Audit Code of Practice. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2014 to 31 July 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Joint Audit Code of Practice issued jointly by the Skills Funding Agency and Education Funding Agency. We performed a limited assurance engagement as defined in that framework and our engagement letter.

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

CITY OF STOKE ON TRENT SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2015

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

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

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2014 to 31 July 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

RSM UK Audit Ltd

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Date *18 Dec 2015*