



CITY OF STOKE ON TRENT SIXTH FORM COLLEGE

**Report and Financial Statements
for the year ended 31 July 2016**

Key Management Personnel, Board of Governors and Professional advisers

Key management personnel

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

Paul Mangnall - Principal and CEO; Accounting Officer (from 1st August 2015 to 31st August 2015)

Mark Kent - Principal and CEO; Accounting Officer (from 1st January 2016)

Mike Hill - Deputy Principal and Principal and CEO; Accounting Officer (from 1st September 2015 to 31st December 2015)

Stephen Murfin - Director of Finance and Resources

Rachel Jablonski - Assistant Principal (from 1st May 2016)

Claire Gaygan - Head of Student Services (from 1st May 2016)

Board of Governors

A full list of Governors is given on pages 14 and 15 of these financial statements.

Mr E Williams acted as Clerk to the Corporation throughout the period.

Professional advisers

Financial statements auditors and reporting accountants:

RSM UK Audit LLP

Steam Mill

Chester

Cheshire

CH3 5AN

Internal auditors:

TIAA Limited

53-55 Gosport Business Centre

Aerodrome Road

Gosport

PO13 0FQ

Bankers:

Main Account:

National Westminster Bank plc

Churchill House

Regent Road

Stoke on Trent

ST1 5SJ

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Loan Facilities:

Lloyds TSB Corporate Markets
2nd Floor
125 Colmore Row
Birmingham
B3 3SF

Solicitors:

Freeths LLP
Federation House
Station Road
Stoke on Trent
ST4 2SA

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Report of the Governing Body

NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements for the year ended 31 July 2016.

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting the City of Stoke on Trent Sixth Form College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

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

Mission

Governors reviewed the College's mission during 2015/16 and adopted a revised mission statement as follows:

"A caring community delivering excellence and inspiring futures"

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 is regulated by the Secretary of State for Education for Sixth Form Colleges. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 14 and 15.

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

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

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

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.

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Report of the Governing Body (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.
- 3.3 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.

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Report of the Governing Body (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 making progress in achieving these objectives.

The College's specific objectives for 2015/16 and achievement of those objectives is addressed below:

- The College achieved 1,409 funded FTE learners against a target of 1,601 FTE learners.
- Student success rates were maintained at 0.9% above the Sixth Form College national average on level 3 programmes. The improvements in achievement at A2 were maintained, and the proportion of AS students achieving a high grade has improved. Outstanding levels of achievement and high grade achievement on BTEC level 3 programmes was maintained.
- 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.

1.1.1 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.

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Report of the Governing Body (continued)

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

- Maintain and further develop the very highest levels of teaching and learning for all its students. We seek to be the centre for academic excellence in the region and to work to support colleagues in feeder schools in developing their practice also – working in a collegiate way that acknowledges we can learn as much from them as they from us and for the betterment of all young people's lives in the area.
- 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.
- 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.

1.1.2 Performance indicators

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

- English and Maths Progress measure (for those who have not already achieved a C grade)
- Achievements Rates
- Retention Rates
- Learner Destinations
- Progress (Value added)

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 a surplus before other gains and losses in the year of £411,000 (2014/15 – surplus of £251,000), with total comprehensive income of £(130,000), (2014/15 - £(96,000)).

The College has accumulated reserves of £7,462,000 (2014/15 - £7,597,000) and cash balances of £6,669,000 (2014/15 -£6,523,000). The College wishes to continue to accumulate reserves and cash balances in order to repay a long term loan and create a contingency fund for future potential development within the University Quarter. The estates strategy identifies several potential capital enhancements to improve facilities.

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Report of the Governing Body (continued)

Tangible fixed asset additions during the year amounted to £689,000 relating mainly in improvements to parental drop off and pick up points and car parking for students. £136,000 has been invested in improved IT facilities during the year.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2015/16 the FE funding bodies provided 97% of the College's total income.

Actions taken by the College in each of the last four years has significantly reduced the operating cost base in order to provide some protection from future funding reductions.

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 borrowing for temporary revenue purposes. All borrowing requires the authorisation of the Corporation.

Cash flows and liquidity

At £1,046,000 (2014/15 £827,000), net cash flow from operating activities was strong. During the year long term loan balances reduced from £3,022,000 to £2,942,000. In 2016/17 the College has repaid the outstanding long term loan balance.

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 cash flow. During the year this margin was comfortably exceeded.

Reserves Policy

During 2016/17 the College proposes to review its reserves policy, the level of reserves held and to set out, where appropriate, how these align with the strategic plan. This will include stating the reasons for holding reserves, how they will be built up and maintained and the level identified by the Board as being appropriate for the College. The policy will also then compare the actual level of reserves to this target and set out any relevant plans to bring them in line with each other. In reviewing the level of reserves the College will explicitly consider the levels that are freely available for general purposes as well as those subject to restrictions.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2015/16 the College has delivered activity that has produced £6,136,000 in funding body main allocation funding (2014/15 – £6,853,000). The College had approximately 1,409 funded and 30 non-funded students.

Student achievements

Students continue to prosper at the College. Success rates rose again in 2014/15 from 2013/14 from 84.5% to 88.7% and, while it is too early to make predictions about success rates for 2015/16 there is no reason to expect the upwards trend of the last few years to be reversed.

Curriculum developments

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

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Report of the Governing Body (continued)

delivery to provide more focused support for individuals. The introduction of a level 3 Foundation Year to provide a three year Key Stage 5 for those not having been as successful in school but with the academic potential to succeed at level 3 is a positive addition to the College's curriculum portfolio.

At the same time, a significant minority of academically gifted students grows each year and the College is responding to ensure a high degree of support and opportunity through the curriculum to stretch these learners appropriately.

The introduction of Progression Pathways and the associated Pathway Plus programme is having a significant impact on improving student's employability and research skills. On top of this, the new Futures Programme, a series of academic apprenticeships is providing significant support for students in exploring their future career pathway.

A further set of curriculum developments has seen the College broaden its offering linked to key local vocational and HE progression with the introduction of Games Design as a preparation for those wishing to progress to the UK centre of excellence in this area at Staffordshire University. In addition, a new Statistics A level is supporting those wishing to follow careers in medical science, biological, social and earth sciences.

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%. During the accounting period 1 August 2015 to 31 July 2016, the College paid 91.8% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Events after the end of the reporting period

On 15th August 2016 the College repaid the long term fixed rate loan initially taken out to part fund the College relocation to Leek Road. The total repayment cost of £4,215,000, including a 'break fee' of £1,214,000, took place on 15th August 2016.

Future prospects

With regard to the improved capacity provided by the new building on main site, the College seeks to increase student numbers over the next three years.

The College aims to significantly increase contribution by introducing a number of efficiency schemes across the college site. The College would like to reduce dependency on the funding bodies and is seeking opportunities particularly in the areas where the College currently performs well such as foundation courses for local universities. In addition a greater emphasis on lettings and other events within the College is expected to increase income as well as showcase the College and facilities.

The area review process, now completed for this college, recognised our strong financial and curriculum planning and resilience in dealing with a range of challenging local and national situations – a falling demographic for instance. The robust planning to ensure measured, gradual growth from a one year drop in student numbers is yielding results on plan, and the area review team recognised the College's strength in planning for the future with a clear recommendation to seek academy status and to set up a multi academy trust, working alongside schools throughout the region to better results and life chances for young people.

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The College has produced a detailed business plan looking forward over the next three years for the purpose of both area review and submission to the EFA its application to set up a multi academy trust. This analysis has shown the strength of the College's finances will be enhanced by this change in status and accrue significant educational advantage for the area as well as reducing the College's reliance on EFA funding. The quality of the planning was commented on favourably by the Sixth Form College Association's expert on finance and area review, John Boyle, and also by the Regional Schools Commissioner, EFA and our own legal consultants Browne Jacobson.

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, indoor sports facilities and playing fields at Fenton Manor and shared state of the art science facilities with Staffordshire University.

Financial

The College has £7,462,000 of net assets (including £3,058,000 million pension liability) and long term debt of £2,858,000.

People

The College employs 112 people (expressed as full time equivalents), of whom 63 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:

The College has undertaken further work during the year 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, the Senior Leadership Team and wider Risk Management Group undertake 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, the Senior Leadership Team and Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at the College level which is reviewed at least termly 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.

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.

2 Government funding

The College has considerable reliance on continued government funding through the further education sector funding bodies. In 2015/16, 97% of the College's revenue was ultimately publicly funded and this level of requirement is being addressed to minimise the impact of further funding reductions due either to national

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Report of the Governing Body (continued)

funding rates or local demographic trends. 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:

- 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
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
- Regular dialogue with funding bodies.

Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS 102.

STAKEHOLDER RELATIONSHIPS

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

- Students;
- Education sector funding bodies;
- Sixth Form Commissioner;
- Staff;
- Local employers (with specific links);
- Local authorities;
- Local Enterprise Partnerships (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.

Equal opportunities

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis. The College's Equal Opportunities Policy is published on the College's intranet site.

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Report of the Governing Body (continued)

The College publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College undertakes equality impact assessments on all new policies and procedures and publishes the results. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

The College is a 'Positive about Disabled' employer and has committed to the principles and objectives of the Positive about Disabled standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. 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, as far as possible, provide identical opportunities to those of non-disabled employees.

The College has implemented an updated Equality & Diversity training programme which all staff have attended. Refresher training and training for new starters is carried out on an ongoing basis.

Disability statement

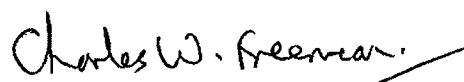
The College seeks to achieve the objectives set down in the Equality Act 2010:

- a) As part of its accommodation strategy the College has taken professional advice to ensure that the building is particularly user friendly for disabled users.
- b) The College has a student services team, who provide information, advice and arranges support where necessary for students with disabilities.
- c) There is specialist equipment which the College can make available for use by students and a range of assistive technology is available in the learning resource centres.
- 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 staff 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) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
- g) 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 14th December 2016 and signed on its behalf by:



C W Freeman

Chair

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2015 to 31st July 2016 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code"); and
- iii. having due regard to the UK Corporate Governance Code 2014 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 has adopted and complied with the Code. We have not adopted and therefore do not apply 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 Code, and it has complied throughout the year ended 31 July 2016. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also 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 in the table below.

	Date of Appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance
Miss R Basnett	7 December 2013	2	6 December 2015	Support Staff	Audit	3/3 (100%)
Mrs N Beech	7 July 2014	4		External	Audit	3/11 (27%)
Mr A Clarke	22 March 2013	4		External	Audit (Chair), Remuneration	12/16 (75%)
Mrs K Clarke	4 October 2014	4		External	Finance & Resources (Chair)	11/16 (69%)
Mrs E J Durose	1 August 2015	4		External	Search & Gov , Remuneration (Chair), Finance & Resources	13/22 (59%)
Rev G Eze	11 October 2012	4		External	Curriculum & Students	8/10 (80%)

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Dr C Freeman	30 November 2013	4		External	Chair of Corporation, Curriculum & Students, Quality, Standards & Monitoring (Chair); Finance & Resources, Remuneration, Search & Gov.	28/31 (90%)
Mr J Gething	1 September 2015	4		Co-opted	Audit, Quality, Standards & Monitoring	17/17 (100%)
Miss G Hassall	16 December 2015	2		Support Staff	Audit	8/8 (100%)
Mr R Hewitt	5 October 2015	4		External	Audit, Remuneration	9/13 (69%)
Mr M Hill	1 September 2015	N/A	31 December 2015	Acting Principal	Search & Gov, Curriculum & Students, Finance & Resources	8/8 (100%)
Mrs D Hopwood	16 October 2014	2		Parent	Curriculum & Students	7/10 (70%)
Miss A Humphreys	1 August 2015	1		Student	Curriculum & Students	4/10 (40%)
Mr M Kent	1 January 2016	N/A		Principal	Search & Gov, Curriculum & Students, Finance & Resources	9/13 (69%)
Mr L Kralev	17 December 2014	2		Teaching Staff	Curriculum & Students	4/10 (40%)
Mrs A Maguire	7 July 2014	4		External	Finance & Resources, Quality, Standards & Monitoring	13/19 (68%)
Mr A Mittal	1 August 2015	1		Student	Curriculum & Students	4/10 (40%)
Mr K Onions	14 July 2014	4		External	Finance and Resources	10/13 (77%)
Mrs S Robinson	4 October 2015	4		External	Search & Gov.	2/6 (33%)
Mrs K Smith	21 May 2015	4		External	Curriculum & Students, Quality, Standards & Monitoring	13/16 (81%)
Mr I Starkie	5 October 2011	4	4 October 2015	External	Audit, Remuneration	3/4 (75%)
Dr S Wyn Williams	12 December 2012	4		External	Vice-Chair of Corporation, Curriculum & Students (Chair), Quality, Standards & Monitoring, Search and Gov (Chair)	16/23 (70%)
Mr E Williams acts as Clerk to the Corporation and its committees.						

Co-opted Members of Committees

Mr R Goddard	18 June 2014	4		Co-opted	Curriculum, Quality & Standards	2/2 (100%)
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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 each term.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Curriculum Quality and Standards, Finance and Resources, Remuneration, Search and Governance 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 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.

Corporation performance

Corporation members undertake an annual self-assessment of performance using an extensive questionnaire based on the Good Governance Practice Guide and aligned to the Ofsted Common Inspection Framework. A report is considered in detail by the Search & Governance Committee which identifies areas for improvement and actions to be taken. The Corporation is provided with a summary report. The results of the exercise are also benchmarked with the results of a number of other colleges which use the same questionnaire and which have agreed to participate in a benchmarking group.

Following a rigorous assessment of all aspects of governance the Corporation have overall self-assessed as 'Good'.

CITY OF STOKE ON TRENT SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2016

Remuneration Committee

The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other key management personnel.

Details of remuneration for the year ended 31 July 2016 are set out in note 5 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.

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

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

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

Internal control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Agreement between 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 City of Stoke on Trent Sixth Form College for the year ended 31 July 2016 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

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

CITY OF STOKE ON TRENT SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2016

there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2016 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

City of Stoke on Trent Sixth Form College has an internal audit service, which operates in accordance with the requirements of the EFA and SFA's *Joint Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the audit committee. At minimum, annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. 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 auditors and the reporting accountant for regularity assurance 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 other sources of assurance and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, 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 2016 meeting,

CITY OF STOKE ON TRENT SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2016

the Corporation carried out the annual assessment for the year ended 31 July 2016 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2016.

Based on the advice of the Audit Committee and the 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"*.

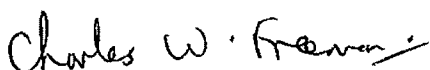
Going concern

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.

The Corporation has commenced steps to convert to a multi academy and as such it is envisaged the College will be dissolved from 1st September 2017 and assets and liabilities transferred to the new entity as a going concern.

Approved by order of the members of the Corporation on 14th December 2016 and signed on its behalf by:

Signed



C W Freeman

Chair

Signed



M Kent

Accounting Officer

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

The Corporation has considered its responsibility to notify the Education Funding Agency of material irregularity, impropriety and non-compliance with Education Funding Agency terms and conditions of funding, under the funding agreement in place between the College and the Education Funding Agency. As part of our consideration we have 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, these will be notified to the Education Funding Agency.

Signed

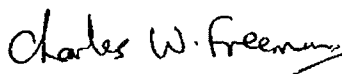


M Kent

Accounting Officer

Date

Signed



C W Freeman

Chair of Governors

Date

Statement of Responsibilities of the Members of the Corporation

The members of the Corporation 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 between the Education Funding Agency and the Corporation of the College requires the Corporation to prepare financial statements for each financial year in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education and with the College Accounts Direction issued jointly by the Skills Funding Agency and the Education Funding Agency 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 of the College's surplus of income over expenditure 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.

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

Members of the Corporation are responsible for ensuring that funds from the Education Funding Agency are used only in accordance with the authorities that govern them as defined by, and in accordance with the Further and Higher Education Act 1992, subsequent legislation and related regulations and the Financial Agreement with the Education Funding Agency and any other conditions that may be prescribed from time to time.

Approved by order of the members of the Corporation on 14th December 2016 and signed on its behalf by:



C W Freeman

Chair

Independent auditor's report to the Governing Body of the City of Stoke on Trent Sixth Form College

We have audited the College financial statements the Financial Statements set out on pages 23 to 47. The financial reporting framework that has been applied in their preparation is United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" as set out in our engagement letter dated 10th November 2015.

This report is made solely to the Governing Body, as a body, in accordance with the Funding Agreement published by the Education Funding Agency and our engagement 10th November 2015. Our audit work has been undertaken so that we might state to the Governing Body, as a body, those matters we are required under our engagement letter 10th 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 Governing Body, as a body, for our audit work, for this report, or for the opinions we have formed.

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

As explained more fully in the Statement of the Governing Body's Responsibilities set out on page 21, the Governing Body 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 10th November 2015, Joint Audit Code of Practice Issued by the Skills Funding Agency and Education Funding Agency and International Standards on Auditing (UK and Ireland). The International Standards on Auditing (UK and Ireland) require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the Financial Statements:

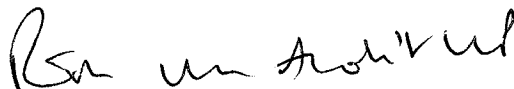
- give a true and fair view of the state of the College's affairs as at 31 July 2016 and of the College's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Matters on which we are required to report by exception

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

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

RSM UK Audit LLP
Chartered Accountants
Steam Mill
Chester
CH3 5AN



Date 15 December 2016

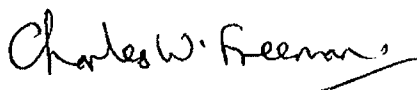
CITY OF STOKE ON TRENT SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2016
Statement of Comprehensive Income

	Notes	2016 £'000	2015 £'000
INCOME			
Funding body grants	2	7,453	7,917
Other grants and contracts	3	202	335
Investment income	4	65	78
Total Income		7,720	8,330
EXPENDITURE			
Staff costs	5	4,533	5,060
Restructuring costs	5	-	35
Other operating expenses	6	1,739	1,970
Depreciation	9	756	752
Interest and other finance costs	7	281	262
Total expenditure		7,309	8,079
Surplus before tax		411	251
Taxation	8	-	-
Surplus for the year		411	251
Actuarial loss in respect of pension schemes	19	(541)	(347)
Total Comprehensive Income for the year		(130)	(96)
Represented by:			
Restricted comprehensive income		-	-
Unrestricted comprehensive income		(130)	(96)
		(130)	(96)

CITY OF STOKE ON TRENT SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2016
Balance sheet as at 31 July

	Notes	2016 £'000	2015 £'000
Fixed Assets			
Tangible Fixed assets	9	27,587	27,707
Current assets			
Stocks		30	18
Debtors	10	197	225
Cash and at bank and in hand		6,669	6,523
Current Liabilities		6,896	6,766
Less: Creditors – amounts falling due within one year	11	(2,893)	(2,833)
Net current assets		4,003	3,933
Total assets less current liabilities		31,590	31,640
Creditors – amounts falling due after more than one year	12	(20,794)	(21,418)
Provisions for Liabilities			
Defined benefit obligations	14/19	(3,058)	(2,351)
Other provisions	14	(276)	(274)
Total net assets		7,462	7,597
Reserves			
Restricted reserve		54	55
Unrestricted Reserves			
Income and expenditure account		7,228	7,362
Revaluation reserve		180	180
Total unrestricted reserves		7,408	7,542
Total Reserves		7,462	7,597

The financial statements on pages 23 to 47 were approved and authorised for issue by the Corporation on 14th December 2016 and were signed on its behalf on that date by:



C W Freeman

Chair



M Kent

Principal/Accounting Officer

CITY OF STOKE ON TRENT SIXTH FORM COLLEGE
Financial Statements for the Year Ended 31 July 2016
Statement of Changes in Reserves

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Balance at 1 st August 2014	7,454	180	7,634
Surplus from the Income and expenditure account	251	-	251
Other comprehensive income	(347)	-	(347)
Total comprehensive income for the year	<u>(96)</u>	<u>-</u>	<u>(96)</u>
Balance at 31 st July 2015	<u>7,358</u>	<u>180</u>	<u>7,538</u>
Surplus/(deficit) from the income and expenditure account	411	-	411
Other comprehensive income	(541)	-	(541)
Total comprehensive income for the year	<u>(130)</u>	<u>-</u>	<u>(130)</u>
Balance at 31 July 2016	<u><u>7,228</u></u>	<u><u>180</u></u>	<u><u>7,408</u></u>

Statement of Cash Flows

	Notes	2016 £'000	2015 £'000
Cash flow from operating activities			
Surplus/(Deficit) for the year		411	251
Adjustment for non-cash items			
Depreciation	9	756	752
Deferred capital grants released to income	2	(544)	(528)
(Increase)/decrease in stocks		(12)	8
Decrease in debtors	10	28	21
Increase in creditors due within one year	11	56	43
Increase in provisions	14	2	1
Pensions costs less contributions payable	19	80	72
(Decrease)/increase in restricted reserves		(1)	2
Adjustment for investing or financing activities			
Interest payable	7	281	262
Interest receivable	4	(65)	(78)
Loss on sale of fixed assets	6	53	21
Net cash flow from operating activities		<u>1,045</u>	<u>827</u>
Cash flows from investing activities			
Interest receivable	4	65	78
Payments made to acquire fixed assets	9	(689)	(78)
		<u>(624)</u>	<u>-</u>
Cash flows from financing activities			
Interest paid	7	(195)	(175)
Repayments of amounts borrowed		(80)	(74)
		<u>(275)</u>	<u>(249)</u>
Increase in cash and cash equivalents in the year		<u>146</u>	<u>578</u>
Cash and cash equivalents at beginning of the year		6,523	5,945
Cash and cash equivalents at end of the year		6,669	6,523

For the year ended 31 July 2016

Notes to the Accounts

1. Statement of accounting policies and estimation techniques

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

General Information

The City of Stoke on Trent sixth Form college is a corporation established under the Further and Higher Education Act 1992 as an English sixth form college. The address of the College's principal place of business is given on page 16. The nature of the College's operations are set out in the report of the governing body.

Basis of accounting

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2015* (the 2015 FE HE SORP), the *College Accounts Direction for 2015 to 2016* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102) under the historical cost convention. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated. Details of the transition to FRS 102 are disclosed in note 19.

These financial statements are the first financial statements of the City of Stoke-on-Trent Sixth Form College prepared in accordance with Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’ (FRS 102). The financial statements of the City of Stoke on Trent Sixth for the year ended 31 July 2015 were prepared in accordance with previous UK GAAP. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the College has taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 ‘Transition to this FRS’. Adjustments are recognised directly in reserves at the transition date. An explanation of how the transition to the 2015 FE HE SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the College is provided in note 22.

The 2015 FE HE SORP requires colleges to prepare a single statement of comprehensive income, and not the alternative presentation of a separate income statement and a statement of other comprehensive income. This represents a change in accounting policy from the previous period where separate statements for the Income and Expenditure account and for the Statement of Total Recognised Gains and Losses were presented.

The application of first time adoption allows certain exemptions from the full requirements of the FRS 102 and the 2015 FE HE SORP in the transition period. The following exemptions have been taken in these financial statements:

- Revaluation as deemed cost – at 1st August 2014, the College has retained the carrying values of freehold properties as being deemed cost and measured at fair value

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

CITY OF STOKE ON TRENT SIXTH FORM COLLEGE

Notes to the Accounts for the year ended 31 July 2016

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

Going concern

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

The College currently has £2,982,000 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%. Although the College's forecasts and financial projections indicate that it would be able to operate within this existing facility and covenants for the foreseeable future a decision to repay the loan in August 2016 was taken. The total repayment cost of £4,157,840, including a 'break fee' of £1,214,411, took place on 15th August 2016. The College remains in a strong financial position with cash reserves of £2,500,000 and no long term debt.

Accordingly the College has a good 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.

The Corporation has commenced steps to convert to a multi academy and as such it is envisaged the College will be dissolved from 1st September 2017 and assets and liabilities transferred to the new entity as a going concern.

Recognition of income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved.

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

Government capital grants for assets other than land are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. The deferred income is allocated between creditors within one year and those due after more than one year. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

The College currently receives no income from tuition fees.

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned on a receivable basis.

Accounting for post-employment benefits

Retirement benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS) which are multi-employer defined benefit plans.

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of valuations using a projected unit method. The TPS is a multi-employer scheme but sufficient information is not available to use defined benefit accounting and therefore it is accounted for as a defined contribution scheme, with the amount charged to the statement of comprehensive income being the contributions payable in the year.

CITY OF STOKE ON TRENT SIXTH FORM COLLEGE

Notes to the Accounts for the year ended 31 July 2016

Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The LGPS is a funded scheme, and the assets of the scheme are held separately. Pension schemes are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability/asset is charged to comprehensive income and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Short term employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. The cost of any unused holiday entitlement the College expects to pay in future periods is recognised in the period the employees' services are rendered.

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 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

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

Land and buildings

Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

- Building improvements – 50 years
- Refurbishments – 50 years

Freehold land is not depreciated.

Freehold buildings are depreciated over their expected useful economic life to the College of 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of 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 income account within creditors, and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

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

CITY OF STOKE ON TRENT SIXTH FORM COLLEGE

Notes to the Accounts for the year ended 31 July 2016

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.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Assets under construction

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

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

Equipment

Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- technical equipment 4 years
- computer equipment 4 years
- furniture, fixtures and fittings 8 years

The College does not own motor vehicles.

Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised.

Financial Instruments

The College has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the College becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets measured at fair value through the profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

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 sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

Provisions and contingent liabilities

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

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

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

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements. The College currently is aware of no contingent liabilities.

Agency arrangements

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

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, management have made the following judgements:

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and

maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 July 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

CITY OF STOKE ON TRENT SIXTH FORM COLLEGE
Notes to the Accounts for the year ended 31 July 2016

2 Funding body grants	Year ended 31 July 2016	Year ended 31 July 2015
	£'000	£'000
Recurrent grants		
Education Funding Agency	6,854	7,336
Specific grants		
Education Funding Agency	55	53
Releases of government capital grants	544	528
Total	7,453	7,917

3 Other grants and contracts	Year ended 31 July 2016	Year ended 31 July 2015
	£'000	£'000
Other grants and contracts	202	335

4 Investment income	Year ended 31 July 2016	Year ended 31 July 2015
	£'000	£'000
Other interest receivable	65	78
Total	65	78

CITY OF STOKE ON TRENT SIXTH FORM COLLEGE
Notes to the Accounts for the year ended 31 July 2016

5 Staff costs

The average number of persons (including key management personnel) employed by the College during the year, described as full-time equivalents, was:

	2016	2015
	No.	No.
Teaching staff	63	74
Non-teaching staff	49	55
	<u>112</u>	<u>129</u>
Staff costs for the above persons		
	2016	2015
	£'000	£'000
Wages and salaries	3,610	4,141
Social security costs	293	298
Other pension costs (including FRS102 adjustments of £80,000 – 2015 £72,000)	626	615
	<u>4,529</u>	<u>5,054</u>
Payroll sub total	4	6
Contracted out staffing services	<u>4,533</u>	<u>5,060</u>
Restructuring costs – Contractual	-	35
	<u>4,533</u>	<u>5,095</u>
Total Staff costs		

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Leadership Team which comprises the Principal, Deputy Principal, Director of Finance and Resources, Assistant Principal and Head of Student Services. There has been no compensation paid to key management personnel for loss of office.

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

	2016	2015
	No.	No.
The number of key management personnel including the Accounting Officer was:	6	4

The Senior Management Team was restructured in 2016 with the addition of the Assistant Principal and Head of Student Services posts.

CITY OF STOKE ON TRENT SIXTH FORM COLLEGE
Notes to the Accounts for the year ended 31 July 2016

5. Staff costs (continued)

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

	Key management personnel		Other staff	
	2016	2015	2016	2015
	No.	No.	No.	No.
£1 to £10,000 p.a.	1	1	-	-
£30,001 to £40,000	1	-	-	-
£40,001 to £50,000 p.a.	1	-	-	-
£60,001 to £70,000 p.a.	2	1	-	-
£70,001 to £80,000 p.a.	1	1	-	-
£90,001 to £100,000 p.a.	-	1	-	-
	<u>6</u>	<u>4</u>	<u>-</u>	<u>-</u>

Key management personnel emoluments is made up as follows:

	2016	2015
	£'000	£'000
Salaries	291	242
Employers National Insurance	32	26
Benefits in kind	-	-
	<u>323</u>	<u>268</u>
Pension contributions	46	35
	<u>369</u>	<u>303</u>

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

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

	2016	2015
	£'000	£'000
Salaries – August (Previous Principal)	9	100
Salaries – September to December (Acting Principal)	35	-
Salaries – From January (New Principal)	62	-
	<u>106</u>	<u>100</u>
Benefits in kind	-	-
	<u>106</u>	<u>100</u>
Pension contributions	15	14

CITY OF STOKE ON TRENT SIXTH FORM COLLEGE
Notes to the Accounts for the year ended 31 July 2016

5. Staff costs (continued)

Compensation for loss of office paid to former key management personnel

	2016	2015
	£	£
Compensation paid to the former post-holder - contractual	-	35
Estimated value of other benefits, including provisions for pension benefits	-	-

The severance payment was approved by the College's Remuneration Committee.

The members of the Corporation other than the Accounting Officer 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.

6 Other operating expenses

	2016	2015
	£'000	£'000
Teaching costs	144	200
Non-teaching costs	1,071	1,186
Premises costs	524	584
Total	1,739	1,970

Other operating expenses include:

	2016	2015
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	18	18
Internal audit	6	5
Losses on disposal of tangible fixed assets	53	21
Hire of assets under operating leases	2	23

7 Interest and other finance costs

	2016	2015
	£'000	£'000
On bank loans, overdrafts and other loans:	195	175
	195	175
Pension finance costs (note 19)	86	87
Total	281	262

8 Taxation

	2016	2015
	£'000	£'000
Total	-	-

CITY OF STOKE ON TRENT SIXTH FORM COLLEGE
Notes to the Accounts for the year ended 31 July 2016

9	Tangible fixed assets				
	Land and buildings		Equipment	Assets in the course of construction	Total
	Freehold	Long leasehold			
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2015	28,668	2,087	2,952	32	33,739
Additions	41	-	136	512	689
Disposals	(51)	-	(64)	-	(115)
At 31 July 2016	28,658	2,087	3,024	544	34,313
Depreciation					
At 1 August 2015	3,149	458	2,425	-	6,032
Charge for the year	531	36	189	-	756
Elimination in respect of disposals	(6)	-	(56)	-	(62)
At 31 July 2016	3,674	494	2,558	-	6,726
Net book value at 31 July 2016	24,984	1,593	466	544	27,587
Net book value at 31 July 2015	25,519	1,629	527	32	27,707

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 periods of 30 years and 125 years respectively. The depreciation charge is over the life of the lease.

The College has elected to retain previous valuations as deemed cost and so continues to use the 'frozen' valuations from the date of adoption of FRS15. 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 for the year ended 31 July 2016

10 Debtors

	2016	2015
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	39	39
Prepayments and accrued income	158	186
Total	197	225

11 Creditors: amounts falling due within one year

	2016	2015
	£'000	£'000
Bank loans and overdrafts	84	80
Trade payables	171	230
Other taxation and social security	158	152
Accruals and deferred income	557	518
Government grants - revenue	1,011	1,047
Deferred income - government capital grants	507	507
Amounts owed to the EFA	405	299
Total	2,893	2,833

12 Creditors: amounts falling due after one year

	2016	2015
	£'000	£'000
Bank loans	2,858	2,942
Deferred income - government capital grants	17,936	18,476
Total	20,794	21,418

13 Maturity of debt

Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	2016	2015
	£'000	£'000
In one year or less	84	80
Between one and two years	91	84
Between two and five years	308	289
In five years or more	2,459	2,569
Total	2,942	3,022

CITY OF STOKE ON TRENT SIXTH FORM COLLEGE

Notes to the Accounts for the year ended 31 July 2016

The £2,942,000 is an unsecured long term loan amortising over 22.5 years at a fixed interest rate of 6.415%. In August 2016 the College repaid the outstanding long term loan balance in full.

14 Provisions

	Defined Benefit Obligations (note 19)	Enhanced pensions	Total
	£'000	£'000	£'000
At 1 August 2015	2,351	274	2,625
Expenditure in the period	(695)	(20)	(715)
Additions in period	1,402	22	1,424
At 31 July 2016	3,058	276	3,334

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

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

The principal assumptions for this calculation are:

	2016	2015
Price Inflation	2.30%	3.46%
Discount rate	1.30%	1.75%

15 Financial instruments

The College has the following financial instruments:

	2016 £'000	2015 £'000
Financial assets		
Financial assets measured at amortised cost	175	220
Financial liabilities		
Financial liabilities measured at amortised cost	3,670	3,770

CITY OF STOKE ON TRENT SIXTH FORM COLLEGE
Notes to the Accounts for the year ended 31 July 2016

16 Capital and other commitments

	2016	2015
	£'000	£'000
Commitments contracted for at 31 July	<u>79</u>	<u>52</u>

17 Lease obligations

At 31 July the College had no lease payments under non-cancellable operating leases.

18 Events after the reporting period

These accounts show that the College has £2,982,000 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%. Although the College's forecasts and financial projections indicate that it would be able to operate within this existing facility and covenants for the foreseeable future a decision to repay the loan in August 2016 was taken. The total repayment cost of £4,215,000, including a 'break fee' of £1,214,000, took place on 15th August 2016.

CITY OF STOKE ON TRENT SIXTH FORM COLLEGE
Notes to the Accounts for the year ended 31 July 2016

19 Retirement benefits

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Staffordshire Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Staffordshire County Council. Both are multi-employer defined-benefit plans.

Total pension cost for the year	2016 £000	2015 £000
Teachers' Pension Scheme: contributions paid	379	375
Local Government Pension Scheme:		
Contributions paid	139	147
FRS 102 (28) charge	80	72
Charge to the Statement of Comprehensive Income	219	219
Accrued contributions not yet paid	6	-
Enhanced pension charge to Statement of Comprehensive Income	22	21
Total Pension Cost for Year within staff costs	626	615

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

Contributions amounting to £5,915 (2015 £Nil) were payable to the scheme at 31st July and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer.

Valuation of the Teachers' Pension Scheme

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.

The latest actuarial valuation was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published in June 2014. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £191.5 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £176.6 billion
- Notional past service deficit of £14.9 billion
- Assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings
- Rate of real earnings growth is assumed to be 2.75%
- Assumed nominal rate of return is 5.06%

CITY OF STOKE ON TRENT SIXTH FORM COLLEGE

Notes to the Accounts for the year ended 31 July 2016

19 Retirement benefits (continued)

The new employer contribution rate was 14.1% until 1 September 2015, when it increased to 16.48% (including a 0.08% administration fees), with an employer cost cap of 10.9% of pensionable pay. The employer contribution rate will be payable 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.

The pension costs paid to TPS in the year amounted to £379,000 (2015: £375,000)

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme on as a defined benefit plan so it is accounted for as a defined contribution plan.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme commenced on 1 April 2015.

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Staffordshire County Council Local Authority. The total contributions made for the year ended 31 July 2016 were £199,000, of which employer's contributions totalled £139,000 and employees' contributions totalled £60,000. The agreed contribution rates for future years are 15.0% for employers and range from 5.5% to 9.9% for employees, depending on salary.

Principal Actuarial Assumptions

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

	At 31 July 2016	At 31 July 2015
Rate of increase in salaries	3.90%	4.50%
Future pensions increases	1.90%	2.60%
Discount rate for scheme liabilities	2.40%	3.60%
Inflation assumption (CPI)	1.90%	2.60%
Commutation of pensions to lump sums	75%	75%

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

	At 31 July 2016 years	At 31 July 2015 years
<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 for the year ended 31 July 2016

19 Retirement benefits (continued)

The College's share of the assets in the plan at the balance sheet date and the expected rates of return were:

	Fair Value at 31 July 2016 £'000	Fair Value at 31 July 2015 £'000
Equity instruments	3,953	3,285
Debt instruments	513	488
Property	411	400
Cash	257	266
Total fair value of plan assets	5,134	4,439
Actual return on plan assets	422	144

The amount included in the balance sheet in respect of the defined benefit pension plan is as follows:

	2016 £'000	2015 £'000
Fair value of plan assets	5,134	4,439
Present value of plan liabilities	(8,192)	(6,790)
Net pensions (liability)/asset (Note 19)	(3,058)	(2,351)

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

	2016 £'000	2015 £'000
Amounts included in staff costs		
Current service cost	246	236
Past service cost	-	-
Total	246	236
Amounts included in interest and other finance costs		
Net interest cost	(86)	(87)
	(86)	(87)

CITY OF STOKE ON TRENT SIXTH FORM COLLEGE
Notes to the Accounts for the year ended 31 July 2016

19 Retirement benefits (continued)

	2016	2015
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	6,790	5,874
Current service cost	246	236
Interest cost	248	250
Contributions by Scheme participants	60	63
Actuarial gains and losses	963	491
Benefits paid	(115)	(124)
Defined benefit obligations at end of period	8,192	6,790
Changes in fair value of plan assets		
Fair value of plan assets at start of period	4,439	4,029
Interest income	162	163
Return on plan assets	422	144
Employer contributions	166	164
Contributions by Scheme participants	60	63
Benefits paid	(115)	(124)
Fair value of plan assets at end of period	5,134	4,439

CITY OF STOKE ON TRENT SIXTH FORM COLLEGE
Notes to the Accounts for the year ended 31 July 2016

20 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.

Transactions with key management personnel

Key management compensation disclosure is given in note 5.

21 Amounts disbursed as agent

	2016	2015
	£'000	£'000
Balance b/fwd	299	182
Funding body grants -- bursary support	369	384
Interest earned	-	-
	<hr/> 668	<hr/> 566
Disbursed to students	(249)	(254)
Administration costs	(13)	(13)
	<hr/> 406	<hr/> 299
Balance unspent as at 31 July, included in 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 Statement of Comprehensive Income.

CITY OF STOKE ON TRENT SIXTH FORM COLLEGE
Notes to the Accounts for the year ended 31 July 2016

22 First time adoption of FRS 102 and the 2015 FE HE SORP

Reconciliations and descriptions of the effect of the transition to FRS 102 and the 2015 FE HE SORP on;

- (i) the reserves at the date of transition to FRS 102 and the 2015 FE HE SORP;
 - (ii) the reserves at the end of the comparative period;
 - (iii) statement of comprehensive income for the comparative period reported under previous UK GAAP including 2007 SORP
 - (iv) the college reserves at the date of transition to FRS 102 and the 2015 FE HE SORP;
 - (v) the college reserves at the end of the comparative period; and
 - (vii) the college statement of comprehensive income for the comparative period reported under previous UK GAAP including 2007 SORP;
- are given below.

Under FRS 102, the Statement of Cash Flows presents changes in cash and cash equivalents (which include cash in hand, deposits repayable on demand and overdrafts and short-term, highly liquid investments), showing changes arising from operating activities, investing activities and financing activities separately. Under previous UK GAAP, the Cash Flow Statement presented changes in cash (which includes cash in hand, deposits repayable on demand and overdrafts) under the headings of operating activities, returns on investments and servicing of finance, taxation, capital expenditure and financial investment, acquisitions and disposals, management of liquid resources, and financing.

	1 st August 2014	31st July 2015
	£'000	£'000
Reconciliation of College reserves		
Total reserves under previous SORP	6,675	6,581
Employee leave accrual	(247)	(247)
Release of government grants relating to land	1,109	1,109
Release of non-government capital grants	97	99
Total effect of transition to FRS 102 and 2015 FE HE SORP	<u>959</u>	<u>961</u>
Total reserves under 2015 FE HE SORP	<u>7,634</u>	<u>7,542</u>

Year ended 31st July 2015

	£'000
Reconciliation of comprehensive income	
Surplus for the year after tax under previous SORP	332
Release of non-government grants received	(2)
Pensions provision – actuarial loss	(426)
Total effect of transition to FRS 102 and 2015 FE HE SORP	<u>(428)</u>
Total comprehensive income for the year under 2015 FE HE SORP	<u>(96)</u>

a) Recognition of short term employment benefits

No provision for short term employment benefits such as holiday pay, were made under the previous UK GAAP they were instead recognised when paid. Under FRS 102 the costs of short-term employee benefits are recognised as service is received. The annual leave year runs to 31st August each year for teaching and term time non-teaching staff and to 31st March for full time non-teaching staff meaning that, at the reporting date, there was an average of 31 days unused leave for teaching staff and 3 days unused leave for non-teaching staff. Non-teaching employees are not entitled to carry forward unused holiday entitlement at the end of the leave year unless there are exceptional circumstances. The cost of any unused entitlement is recognised in the period in which the employee's services are received. An accrual of £247,000 was recognised at 1 August 2014, and at 31 August 2015. Following a re-measurement exercise in 2015/16, the movement on this provision of £12,000 has been charged to Comprehensive Income in the year ended 31 July 2016.

b) Non-government grants accounted for under performance model

The College has previously been in receipt of certain capital grants from sources other than those classified as "government" under FRS 102 and the 2015 FE HE SORP. Under the previous UK GAAP and 2007 SORP, these were able to be capitalised and amortised over the remaining useful economic life of the relevant fixed assets. This accounting treatment is no longer available for non-government grants and the grants have therefore been accounted for under the performance model and treated as if they had been credited to comprehensive income immediately that the performance conditions had been met. Deferred income was reduced by £1,206,000 capital grant re land on transition. A corresponding adjustment of £2,000 has been made to the income recognised in the 2015 results that related to the annual amortisation of the capital grants involved.

c) Change in recognition of defined benefit plan finance costs

The net pension finance cost recognised in the Income and Expenditure account for the year ended 31st July 2015 under the previous UK GAAP was the net of the expected return on pension plan assets and the interest on pension liabilities. FRS 102 requires the recognition in the Statement of Comprehensive Income, of a net interest cost, calculated by multiplying the net plan obligations by the market yield on high quality corporate bonds (the discount rate applied). The change has had no effect on net assets as the measurement of the net defined benefit plan obligation has not changed. The effect of the change is to reduce the surplus for the year to 31 July 2015 by £426,000 and increase the credit in other comprehensive income by an equivalent amount.

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

Actuarial gains and losses on the College's defined benefit plans were previously presented in the Statement of Total Recognised Gains and Losses (STRGL), a separate statement to the Income and Expenditure account. All such gains and losses are now required under FRS 102 to be presented within the Statement of Comprehensive Income, as movements in Other Comprehensive Income.

CITY OF STOKE ON TRENT SIXTH FORM COLLEGE

Notes to the Accounts for the year ended 31 July 2016

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

In accordance with the terms of our engagement letter dated 10th 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 and income received by the City of Stoke on Trent Sixth form College during the period 1st August 2015 to 31st July 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

This report is made solely to the corporation of the 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 the City of Stoke on Trent Sixth Form College and Secretary of State for Education acting through the Education Funding Agency for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the City of Stoke on Trent Sixth form College and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Joint Audit Code of Practice. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1st August 2015 to 31st July 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

CITY OF STOKE ON TRENT SIXTH FORM COLLEGE

Notes to the Accounts for the year ended 31 July 2016

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

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

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1st August 2015 to 31st July 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



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Date 15 December 2016

