Barton Peveril
Sixth Form College

Annual Report and Financial Statements For the year ending 31 July 2015

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Barton Peveril Sixth Form College 2014-15

Jonathan Prest
Principal

It has been another exciting and challenging year at Barton Peveril. Our mission for the past five years – to be a Centre of Excellence in post-16 education, adding value to our students' academic achievements and wider experiences – has driven all we do and our flourishing reputation, increasing popularity and growing student population are testament to the dedication of all our staff and students.

We continue to focus on the quality of each individual student's experience, investing strongly in staff development centred on outstanding teaching and learning. High quality advice and guidance, outstanding learning experiences and excellent support for positive progression routes have once again resulted in very high achievement, retention, success and progression rates in 2015.

In a challenging financial climate the College is growing, investing in its estate and maintaining the quality of the education it provides. Despite the pressures in the current FE sector we believe we are well-placed to continue to deliver an outstanding experience for our learners.

Mission, Vision and Values

In 2014-15 the college revisited its Mission and Values and significantly updated these to reflect its current aspirations. This update coincides with the production of a new three-year strategic plan for the period 2015-2018.

Mission

A community committed to the highest standards of learning, effort and achievement

The College Vision

Our vision is of a community where everyone connected to it is committed to the highest standards of learning, effort and achievement. Together, we celebrate acquiring, developing and applying knowledge and skills both for their own sake and to enrich and enhance our lives and futures.

This means:

- As a student I make a conscious choice to sign up to the values of the College and make learning my highest priority whilst I am here. I aim to develop, consolidate and deepen my knowledge, understanding and skills. I take personal responsibility for engaging with the learning community and contributing to its development.
- As a member of teaching staff I commit to the development of independent learners, extending students' knowledge, understanding and skills. I seek to

extend my subject knowledge and pedagogical skills through reflection, researching best practice and peer learning and review.

- As a member of the support staff I commit to making the learning community work effectively, offering excellent customer services and support whilst developing my skills and knowledge.

- As a leader I develop my own skills and knowledge and exemplify the values of the learning community. I enhance the culture of the College to allow the values to flourish. Through leadership and teamwork I manage the resources to enable the community to thrive and develop.

- As a parent or guardian I encourage the young person I have responsibility for to take full advantage of the learning community. I help make her / his learning the highest priority while she / he is at College. I create the conditions and necessary resources to study at home. Through dialogue, I fuel the motivation to study, contribute, grow and prepare for the future.

- As a governor I support the College as a learning community and monitor and encourage its progress, setting challenging objectives and asking searching questions. I convey and celebrate the College's achievements to the wider community. I exemplify learning by enhancing my governance skills and knowledge of education and pedagogy.

Values and attributes

- Making **learning** my priority
- Developing **high expectations** of myself and others
- Taking **responsibility** for my progress
- **Respecting** and valuing others; advancing equality, diversity and inclusion
- Contributing to the College and wider **community**
- Developing the **skills** for success in a global economy
- Maintaining **health** in body and mind

Governance

The College continues to be expertly served by an outstanding body of governors. The Chair has significant experience in both government departments and the HE sector and members of the corporation are drawn from and bring recent and high level experience of local government, secondary education as well as the local business, commercial and charity sectors. They both share and provide a lead in the College's aspiration to be outstanding in all it does.

Success and Outcomes

The College has continued to deliver excellent student outcomes. In 2014-15 the A level pass rate was above 98% for the tenth successive year and at AS level there was a 3% increase in the pass rate from the previous year's level. Substantial vocational qualifications again produced outstanding results with every student achieving a positive outcome.

The majority of our 18 year-old leavers (63%) progressed on to university courses or on to our Level 4 Foundation Art and Design course. A further 13% intended to take a gap year prior to progressing to university.

Growth

In 2014-15 we grew to 2854 16-18 year-old students, an increase of 7.7% on the previous year. Early indications are that growth has continued into 2015-16. We believe that the College's Mission over the past five years – to be a Centre of Excellence in post-16 education – has successfully focussed all our work and efforts and has resulted in:

- a flourishing reputation, built on positive engagement with our partner schools and an increasing number of taster days for pupils in year 10 and 11
- increasing popularity, with students from both partner schools and those from further afield choosing us as their preferred college in a very competitive area
- a growth in student population

We know that in these times of exceptional pressure on the funding of post-16 education a strong local reputation for excellence and the capacity to grow is of vital importance.

We maintain extremely positive working relationships with schools in our local consortium as well as further afield enabling us to provide a smooth transition for local school pupils into their sixth form education.

Estates

In 2014-15 the College has continued its significant investment into the college estate with the construction of a three-storey, state-of-the-art Science Centre which houses nine labs, a classroom, two open-access PC areas, staff work facilities and a café. This will enable the College to manage the increasing number of students studying in the STEM field and provide the highest quality accommodation for these subjects locally.

Additional landscaping and outdoor developments contribute to a fantastic campus environment and provide additional social facilities for our student body. Students consistently report that the layout of and facilities within the campus are a major element in their choice to study at Barton Peveril.

The College has developed a new Property Strategy which will ensure the funds from the sale of the caretaker's house contribute to the redevelopment of the old science accommodation into usable classrooms.

Financial Context

As the Financial Statements presented here demonstrate, the College has managed its business to successfully deliver a surplus in 2014-15 despite the considerable pressures on funding over the past five years. The College has been diligent and proactive in addressing staffing and other costs and shaping itself to cope with reduced levels of funding and to prepare for the much-heralded 'cliff-edge' in 2016 when the funding protection implemented in 2012 (when the new EFA funding formula was introduced) is due to be removed.

In order to fund the building of the new Science Centre the College has reshaped all of its borrowing into one new facility. This has enabled the college not only to build the Science Centre but to bring increased stability to repayments over the next five years.

The Local Educational Context

The College is situated in a competitive area. There are a wide range of options for post-16 students. The College remains a very strong player in the field with its growing student population and reputation for excellence. However, there are challenges for the College to address such as the likely opening of a free school locally, partner schools' ambitions to create their own sixth forms and the imminent Local Area Reviews of post-16 provision.

Operating and Financial Review

NATURE, OBJECTIVES AND STRATEGIES:

The Corporation of Barton Peveril Sixth Form College has pleasure in presenting their report and the audited financial statements for the year ended 31 July 2015.

LEGAL STATUS

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Barton Peveril Sixth Form College.

Public Benefit

Barton Peveril Sixth Form College is an exempt charity under the Part 3 of the Charities Act 2011 and from 1st September 2013 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 19 to 21.

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

Operating and Financial Review (continued)

IMPLEMENTATION OF STRATEGIC PLAN

In July 2012 the College agreed the strategic plan for the period 1 August 2012 to 31 July 2015. The Corporation monitors the performance of the College against this plan, which is reviewed and updated each year. The College's progress against its Key Performance Indicators (KPIs) is:

Progress Report: Strategic Objectives & Key Performance Indicators: 2012-15

		KPI	**(NB: KPIs may relate to more than one Strategic Objective)**	**Position in 2012**
Strategic Objective 1	Teaching and Learning to be 'outstanding'	KPI 1	Ofsted ' outstanding' teaching, learning and assessment at next inspection or in annual self-assessment report	Good
		KPI 2	Annual profile of lesson observations to reach 20%+ grade 1 and 85%+ grades 1 and 2	10% grade 1 75% grade 1 or 2
		KPI 3	AS / A2 / Vocational ALPS data in top quartile nationally ie grade 3 or above	AS 2nd quartile A2 top quartile Voc 4 2nd quartile

Progress Report:
KPI 1: in 2014 we self-assessed teaching and learning and assessment as grade 1 (Outstanding). Our lesson observation profile for 2014/15 supports a continued 'Outstanding' assessment as does a set of excellent results in the summer of 2015.

KPI 2: Outcomes for 2014-15 are: 15% (20% last year) Grade 1 lessons and 75% (70% last year) Grade 2, giving overall 90% (90% last year) Good and Outstanding lesson observation profile. We have maintained a very high level of Good and Outstanding lessons for two consecutive years.

KPI 3: In the summer 2015 exam series the ALPS outcomes were:
AS Grade 3 – Top quartile (Grade 3 – Top quartile in 2014)
A2 Grade 4 – Top 40% (Grade 4 – Top 40% in 2014)
Voc Grade 3 – Top quartile (Grade 3 – Top quartile in 2014)
Good performance has been maintained. However, the College's ambition remains for us to achieve top quartile for all three elements in the same year – and then to sustain this achievement. To meet the challenge, the majority of our staff development activity and the on-going development of schemes of learning are focused on improving achievement and, particularly, value added outcomes.

Strategic Objective 2	To nurture, retain and appoint the best staff through appropriate training, recognition and reward	KPI 4	Staff satisfaction survey shows improved scores on 2011. Series of Human Resources reports including Appraisal outcomes	

Progress Report:

KPI 4: The College successfully appointed 19 teaching staff in 2014-15 along with 14 support staff, 4 catering staff, 4 cleaners and 59 invigilators.

Operating and Financial Review (continued)

Absence rates for staff increased slightly in 2014-15 though remain well below national benchmarks. For teaching staff the absence rate in 2014-15 was 2.41% (1.98% in 2013-14) and for support staff it was 2.12% (1.68% in 2013-14)

An appraisal scheme has been successfully introduced, with constructive feedback from colleagues leading to further training and refinement of the process, though some concerns remain about the consistency of judgements between heads of departments. Assistant Principals are working with Heads of Department to moderate the judgements and ensure consistent outcomes. The trend over three years has been for fewer teaching staff to be judged not to be working at the standard expected of a teacher at Barton Peveril.

The College continues to improve staff workroom facilities such as kitchenettes, including these in recent new builds. We are close to achieving the aim of a computer for each member of staff in their workrooms.

The national picture of funding cuts and significant curriculum change is leading to a number of decisions which impact on jobs or workload. Whilst staff generally remained positive, they are clearly unsettled by recent developments and inevitably this is having a negative effect on morale within the College. Regular meetings with unions continue to be constructive, with agendas focused on how to minimise the impact on staff whilst maintaining a focus on the quality of teaching and learning essential for the future prosperity of the College. The Staff Satisfaction Survey in March 2015 resulted in an Action Plan to help the College address staff concerns over the coming year.

The Staff Satisfaction Survey, conducted in Spring 2015 indicated very positive scores for most areas surveyed. The areas of big improvement since the previous survey were related to our involvement with the community, performance reviews and people's confidence about the future prospects of the college. The areas that scored less favourably related to progression opportunities for staff at the college, change management, communication and the feeling of being treated fairly and with respect. Many of these are influenced, of course, by the national circumstances affecting post-16 education and training.

Strategic Objective 3	To work with our stakeholders (students, staff, parents, schools, HE, employers, community groups) to enhance our performance and the College profile for our mutual benefit	KPI 5	40% of students from our local partner schools choose BP as sixth form option	32%

Progress Report:

KPI 5: We have continued to increase the number of events for school pupils happening within the year and have expanded to cater for a wider group of schools. Events have encompassed pupils in years 9, 10 and 11 and are increasingly tailored to the specific needs of the cohort involved.

We have increased the size of our careers and work experience team and the number of students taking part in formal work experience has grown to 262 in 2014-15 an increase of 56% in the past three years.

In September 2015 we have recruited approximately 34.5% of our partner schools' student cohort.

__Operating and Financial Review (continued)__

Strategic Objective 4	To promote diversity in a community which is truly inclusive and committed to equal opportunities	KPI 6	Narrowing the gap between boys' and girls' success to 2% or less	5%

Progress Report:

KPI 6: In the summer 2012 exam series we marginally narrowed the gap, in raw success rates, from 5% to 4.6% and this narrowed further to 3.7% in 2014 and then to 3.4% in 2015. There is still clearly a way to go to achieve a gap of 2% or less. The College appointed an Equality and Diversity Co-ordinator in 2014 to champion this issue and a Student Progress Manager has a role to specifically develop strategies to improve boys' achievements. The sixth sense report using sixth form College data demonstrates that if prior attainment is taken into account, boys are achieving in the College at the level that would be expected and that there is no underachievement against similarly qualified girls. Perhaps the challenge is whether we can restore the deficit they arrive with.

At AS, the value added gap between male and female students has narrowed over the last 3 years as measured by ALPs (with VA for males being 4 grades below females in 2013, 2 grades below in 2014 and 1 grade below this year) and Six Dimensions (the expected gap between male and female AS students, given their prior attainment, would be 5.8% and our actual gap was 3.9%).

Strategic Objective 5	Maintaining an outstanding educational experience for students both in and outside of the academic curriculum through promoting independence and resilience, health and wellbeing, life skills, pleasure and enthusiasm for learning, as well as readiness for Higher Education and employment.	KPI 7	Leavers' evaluation survey shows continued high levels of satisfaction with a) the enrichment offer, b) levels of participation	a)85% b)75%
		KPI 8	Maintain 66% of year 2 leavers progressing to Higher Education	66%

Progress Report:

KPI 7: In the 2015 leaver's survey 92.5% (88.5% in 2014) of students agreed or strongly agreed that the college has a good range of enrichment activities available to students. This maintains a four year run of this figure being above our aspiration of 85% with a particularly significant rise in 2015. In terms of levels of participation, 82.4% (78.3% in 2014) of students reported that they had taken part in some element of the enrichment provision. This maintains a four year run of this figure being above our aspiration of 75%.

KPI 8: Our tutorial programme continues to focus on educational goals, planning for the future, and supporting students pastorally throughout the year. In addition to the tutorial programme we have continued to run Enrichment, HE and Futures Fairs. The HE Fair involves over 50 HE providers coming into the College to run workshops for all our current students.

The percentage of students progressing to university has remained stable over the past three years – between 61% and 63%. The difficulty in increasing this percentage is not a great surprise, bearing in mind the increase in tuition fees and the fact that HE providers have had a cap on their numbers in the period under question.

The figures are below sixth form college averages and must be an area of concern for the College. High local employment figures compared to the UK average may encourage some of our students to opt for employment rather than university.

Operating and Financial Review (continued)

Year	2015	2014	2013	2012
Percentage to HE	**61.5%**	**62.1%**	**61.3%**	**63%**

To help ensure we provide the best careers advice, work experience opportunities and destinations service, we enhanced the Careers team with a full time Careers Manager from September 2013. In July 2015 we achieved Matrix Accreditation for IAG and have implemented a college-wide initiative to record all students' intended destinations to ensure we can target careers advice and work experience appropriately.

Strategic Objective 6	To maintain our excellent business, governance and leadership functions and focus them on enhancing teaching and learning	KPI 9	Increase m^2 accommodation in categories A and B as defined by the Education Funding Authority (A = As New, B = Sound, C = Operable, D = Inoperable)	2012: 6,607 m^2 (42% of estate) 2013: 8,347 m^2 (51% of total estate)
		KPI 10	Financial Performance Indicators within parameters set by Corporation	
		KPI 11	Student numbers hit forecast (2669 in 2015)	2609
		KPI 12	High levels of confidence in Governance, Leadership and Management as indicated by Annual Assessments, including Self-Assessment	

Progress Report:

KPI 9: With the completion of Science Centre the condition of College estate is at July 2015:

Category	**A**	**B**	**C**	**D**	**Total floor area**
Area / Percentage	5,933 m^2 / 31%	5,905 m^2 / 31%	7309m^2 / 38%	0%	19,147m^2
A and B combined	**11,838 m^2 / 62%**				

The recently built Nobel building and the very recently built Science Centre are having a positive impact on the learning and working conditions for staff and students in Mathematics, Psychology, Media Studies, ICT, Sport and the Sciences**.**

This now leaves only the interior of the Mountbatten building and the exterior of the Hampshire building remaining in category C.

Operating and Financial Review (continued)

KPI 10: The College's financial performance when set against the financial performance indicators for 2014/15:

Indicator	Target Bracket	Current Year-End
Cash days in hand	45-60	42.61
Current ratio	1.5 - 2.5	1.79
General reserve	> 35%	53.62%
Surplus	2% - 4%	0.78%
Pay expenditure as a % of income	65% - 69%	62.23%
Pay expenditure as a % of recurrent grant	73% - 77%	71.65%
Dependency on funding body income	<92%	87.71%

KPI 11: in 2013 we exceeded our 2015 strategic plan target of 2669 students. In September 2014 the College significantly exceeded its original target by enrolling 2863 students for the 2014/15 academic year. In September 2015 the College grew again, enrolling 3042 students for the 2015-16 academic year exceeding the original 2012 projection of 2669 by some considerable margin.

KPI 12: In both the 2013 and 2014 SARs we self-assessed leadership and management in the College has grade 1 (outstanding). A Wessex Partnership peer quality review (PQR) of the College's SAR and quality systems in June 2014 confirmed our own self-assessment grade.

Financial objectives

The College's financial objectives are:

- To achieve an annual operating surplus
- To maintain the confidence of the Funding Agencies, suppliers, bankers and auditors
- To generate sufficient income to enable maintenance and improvement of its accommodation and equipment
- To protect it from any adverse changes in enrolments
- To fund continued capital investment

Specifically these objectives will be achieved by maintaining a sound financial base, both solvency and liquidity:

- Cash flow from operations will remain positive
- A current ratio will be maintained in excess of 1.5
- Salary costs will be maintained at 65% - 69% of income
- General reserves will be in excess of 35% of income
- Cash days will exceed 30 at all times with a year-end target of 45-60 days
- An operating surplus will be achieved each year, normally 2% - 4%
- Borrowing levels do not exceed acceptable and manageable levels
- Financial and non-financial returns are made on time and in agreed format
- All returns requiring certification by auditors are unqualified

Operating and Financial Review (continued)

All of these objectives are monitored on a monthly basis through a series of financial performance indicators. Whilst fluctuations in these measures are expected through the year, the end of year position highlights the following:

- Cash days in hand, at 42.61 days, is slightly lower than the target range of 45-60. This is not regarded as a significant issue.
- The end of year surplus, at 0.78%, is beneath the lower end of the target range of 2-4%. The Corporation have been aware of this throughout the year and are comfortable with this outcome in the current financial climate.
- Pay expenditure both as a % of income and as a % recurrent grant is marginally below the target ranges. This is a result of the college shaping itself for the significant reduction in funding in 2016.

The College is committed to observing the importance of the measures and indicators within the accepted frameworks and is monitoring these through the completion of the annual Finance Record for the Skills Funding Agency (SFA) / Education Funding Agency (EFA). The current rating of Good is considered an acceptable outcome.

FINANCIAL POSITION

Financial results

The College generated an operating surplus in the year of £109,465. For 2013/14 there was a surplus of £110,444. A surplus of £179,465 was achieved on continuing operations prior to the FRS17 adjustment.

The College has accumulated reserves of £7,497,467 and cash balances of £1,633,522.

Tangible fixed asset additions during the year amounted to £3,378,491. This was mainly for the provision of new teaching blocks. £115,404 of this expenditure was reported in the prior year as works under construction.

The College has significant reliance on the Funding Agencies for its principal funding source, largely from recurrent grants. In 2014/15 the Funding Agencies provided 88% of the College's total income.

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 treasury management policy clearly set out within the College Financial Regulations.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the College's Financial Memorandum.

Cashflow and liquidity

At £500,877 the operating cash 'in flow' was in line with predictions. For 2013/14, there was an operating cash 'out flow' of £1,280,108.

Operating and Financial Review (continued)

During the year the College reshaped all of its current borrowing into one facility in order to finance the building of its new Science Centre. A consolidated loan of £7.1M was secured.

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.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2014/2015 the College has delivered activity that has produced £12,292,978 in funding body main allocation funding (2013/14 – £11,615,459). There were 2,868 16-18 year old students and 466 19+ students were SFA-funded during 2014-15. There were also 170 non-Government funded students participating in a wide range of recreational and craft based courses.

Student achievements

Students continue to prosper at the College. Achievement rates remained high in 2014/15 with 98.2% A level pass rate and a retention level of 98.2%.

Curriculum developments

During the day the College continues to provide high quality sixth-form education to its traditional catchment area of Eastleigh and the neighbouring communities of Romsey and the New Forest to the west and Swanmore and Bishops Waltham to the east. However, increasing numbers of students are continuing to come from schools in Fareham, Southampton and Winchester. The college has recently added Level 3 BTEC courses in Law and Science to complement the wide range of A levels on offer. This has provided a more suitable and successful qualification route for some of our students with the first set of BTEC Law results being outstanding. The College has also added a range of additional options for students to enhance their employability skills.

The College is fully committed to responding positively to the national changes to A levels. The College is providing high-quality Information, Advice and Guidance (IAG) to its prospective students and their parents to enable them to understand these changes and the implications for them on both the size and content of student programmes. In 2014-15 the college provided the opportunity for all students to take an AS level in the first year of all the A level subjects they studied.

In our Adult Learning area we have seen considerable growth in Access to university courses and we have reshaped our provision to make this the central pillar of our provision. The department continues to offer a range of other academic, vocational and leisure opportunities.

The College has been very successful in its first 2 years of delivering the Art Foundation course with results above the national benchmark.

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

Operating and Financial Review (continued)

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 2014 to 31 July 2015, the College paid 97% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Post-balance sheet events

There were no significant post balance sheet events.

Future developments

The College's recruitment projection shows a continued increase in future student numbers and the College has invested in its capital infrastructure to reflect this. This will have a positive impact on its ability to cope with potential reductions in income due to Government changes in funding for the sector and remain a going concern.

Future planning assumes that a larger proportion of our students will have smaller programme sizes in order for us to continue offering an appropriate curriculum within the reduced funding available. As is the case now, we intend that the vast majority of our 16-18 year-old students will continue to be full-time.

RESOURCES

The College has various resources that it can deploy in pursuit of its strategic objectives. However, the main tangible resource is the college campus.

Financial

The College has £12.249M of net assets (including £2.86M pension liability) and long term debt of £5.696M.

People

The College employs 360 people (218 expressed as full time equivalents), of whom 133 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.

The College's Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. The group maintains a risk register which identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the

Operating and Financial Review (continued)

actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. In addition the register identifies 'Processes & Systems', 'Structures & Roles', 'Attitudes, Skills & Behaviours' and 'Materiality' controls, 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. The risk register is maintained at the College level and reviewed at least annually by the Audit Committee and more frequently where necessary.

In addition to the annual review, the 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. In 2014-15 the Government's Prevent agenda was considered in detail by the Risk Management Group.

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

1. **'Achieving funding targets and /or other Funding Agency criteria for success'**

The College has considerable reliance on continued government funding through the Funding Agencies. In 2014/2015 88% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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

- The Government's policy on protecting funding for up-to-16 education but not for post-16 students, in a climate of further spending cuts for Government departments
- The removal of 'protection' funding for colleges following the 2012 changes to the funding mechanism
- Potential further changes to the funding mechanism
- Potential further reductions in the per-student funding rate for 16-18 year-olds

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 Funding Bodies
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding
- Close monitoring of the demand for Adult Learning courses as prices change

Operating and Financial Review (continued)

In line with the majority of other colleges, Barton Peveril Sixth Form College will seek to increase tuition fees for its Adult Learning provision in accordance with the rising fee assumptions. The price elasticity of adult learning determines how the College sets its fees in line with market forces and its understanding of its customer base. The risk for the College is that demand falls off as fees increase. The college has already begun considerable reshaping of its Adult Learning Provision in 2014-15 with a focus on Access to University courses and GCSE English and Maths. This combines both a pragmatic approach to attracting funding as well as meeting the needs of the local adult learning community.

2. 'Maintaining operational continuity of critical servers, network devices and critical software'

This risk is mitigated in a number of ways:

- By investing in multiple server locations to cover the risk of a significant fire in any one of the current server rooms
- By upgrading the fibre connections across the campus and renewing the data switches to meet future demand for both speed and volume of data traffic
- By investing in the programming and maintenance team to secure and protect both the physical infrastructure and home-grown software systems

3. 'Managing Publicity'

This risk is mitigated in a number of ways:

- Employing a Director of Communications to coordinate and plan for all eventualities
- Having robust processes in place for organising and risk-assessing trips and other events which could potentially result in an element of public interest

STAKEHOLDER RELATIONSHIPS

In line with other Colleges, Barton Peveril Sixth Form College has many stakeholders. These include: Governors; Students; Funding Bodies; Staff; Local employers; Local Authorities; Local Enterprise partnerships; Government Offices; Regional Development Agencies; 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 and employment of disabled persons

Barton Peveril Sixth Form College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, 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 will be resourced, implemented and monitored on a planned basis.

The College carries out an annual self-assessment Equality and Diversity review resulting in an E&D Report and action plan. The College's Single Equality Scheme and Equality Objectives are published appropriately.

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.

Disability statement

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

a) As part of its on-going Equality, Diversity and Inclusion strategy the College regularly updates its access audit, and the results of this form the basis of an action plan aimed at improving access.
b) The College has an Equality, Diversity and Inclusion Coordinator who provides a lead on information, advice and promotion of disability awareness and a Learning Support manager who arranges support where necessary for students with disabilities.
c) There is a range of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the learning support department.
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 a professional team of specialist teaching and non-teaching staff to support students with learning difficulties and/or disabilities.
f) All areas of the college buildings are accessible to staff or students with disabilities. This is supported by tactile signage, lifts and disabled toilets in each building.
g) Counselling and welfare services are described in the College Student Guide, which includes the Complaints and Disciplinary Procedure at induction.

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Approved by order of the members of the Corporation on 7th December 2015 and signed on its behalf by:

……………………………………. Professor Roger Brown Chair of Corporation

Professional Advisers for the period of this report are:

Financial statement and regularity auditor:
Mazars LLP
8 New Fields
2 Stinsford Road
Nuffield
Poole
Dorset
BH17 0NF

Internal Auditor:
TIAA Ltd
Business Support Centre
53-55 Aerodrome Road
Gosport
Hampshire
PO13 0FQ

Bankers:
Lloyds Bank
39 Threadneedle Street
London
EC2R 8AU

Solicitors:
Paris Smith
Number 1 London Rd
Southampton
Hampshire
S015 2AE

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure.

The College endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership).

The College is committed to exhibiting best practice in all aspects of corporate governance. 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 Foundation Code, and it has complied throughout the year ended 31 July 2015.

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

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 following table.

Governors serving with the College Corporation during 2014-2015

Name	Date of appointment	Term of Office	Date of departure	Status of appointment	Committees served during the period	Attendance 2014-15
Professor Roger Brown ***Chair of Corporation from Dec 2009***	Mar 2009 Re-appointed Mar 2013	4 years		Corporation Member	Standards, Learning and Curriculum; Search and Governance (***Chair from May 2010)****;* Finance and Employment	100%
Mrs Karen Everett ***Vice Chair of Corporation from Dec 2014***	Mar 2010 Re-appointed Mar 2014	4 years 4 years		Corporation Member	Finance and Employment ***(Chair from Nov 2013)****;* Search and Governance	67%
Mr Simon Gardiner ***Vice Chair of Corporation from Nov 2010***	*Nov 2007* Appointed Nov 2009 (due for re-appointment Oct 2013 but meeting cancelled so deferred to Dec 2013)	4 years 4 years		*Additional Committee Member* Corporation Member	Finance and Employment ***(Chair to Nov 2013)***	100%
Mr Jonathan Prest	Aug 2008	N/A		Principal	Search and Governance; Finance and Employment	100%

Mrs Shirley Anderson	*(Oct 2008)* Appointed Dec 2009 Re-appointed Dec 2013	*N/A* 4 years 4 years		*Additional Committee Member* Corporation Member	Search and Governance; Finance and Employment	67%
Miss Gina Andrews	Jul 2014	1 year	Mar 2015	Student Member	Standards, Curriculum and Learning	100%
Mr David Blenkarn	Mar 2015	4 years		Corporation Member	Audit	100%
Mr Peter Boote	Jul 2010 Re-appointed Jul 2014	4 years 4 years		Corporation Member	Audit ***(Chair from Nov 2013)***	67%
Miss Sheila Campbell	Nov 2007 Re-appointed Nov 2011	4 years 4 years	Aug 2015	Co-opted Member Corporation Member	Standards, Curriculum and Learning ***(Chair from Nov 10)****;* Finance and Employment	100%
Mrs Madeline Cole	Jul 2015	3 years		Additional Committee Member	Finance and Employment	n/a
Ms Debra Collins	Jan 2015	3 years		Staff Member	Audit	50%
Mr Dev Daas	Jul 2015	1 year		Student Member	Standards, Curriculum and Learning	n/a
Mr Nikhil Daas	Jul 2014	1 year	Mar 2015	Student Member	Standards, Curriculum and Learning	100%
Miss Jessica Eason	Jul 2014	4 years		Corporation Member	Standards, Curriculum and Learning	100%
Mr Alan Glaze	Jul 2015	3 years		Staff Member	Standards, Curriculum and Learning	n/a
Miss Emily Hall	Jul 2015	1 year		Student Member	Standards, Curriculum and Learning	n/a
Cllr Keith House	2002 Re-appointed Jul 2006 Jul 2010 Jul 2014	4 years 4 years 4 years 4 years		Corporation Member	Search and Governance; Finance and Employment	67%
Mrs Yasmeen Hussain	Dec 2013	4 years		Corporation Member	Standards, Curriculum and Learning	100%
Mr Andrew Jackman	Oct 2012	4 years		Corporation Member	Audit; Search and Governance	67%
Mr Peter Jones	Dec 2011	3 years	Dec 2014	Parent Governor	Standards, Curriculum and Learning	100%
Miss Debbie Knight	Dec 2014	3 years		Parent Governor	Standards, Curriculum and Learning	100%

Professor Jane Longmore	Oct 2012	4 years		Corporation Member	Standards, Curriculum and Learning ***(Chair from Sep 15)***	67%
Mr Shaun Ritchie	Jul 2014	3 years	Jul 2015	Staff Member	Standards, Curriculum and Learning	67%
Dr David Robinson	Mar 2013	4 years		Corporation Member	Audit Standards, Curriculum and Learning	100%
Mr Stephen Vincent-Marshall	2006 Re-appointed May 2009 Jul 2012	3 years 3 years 3 years	Dec 2014	Staff Member	Audit	0%
Mrs Lynn Webb	Mar 2011 Re-appointed Mar 2015	4 Years 4 Years		Corporation Member	Standards, Curriculum and Learning	100%
Overall average attendance						**83%**
Mrs Joan Miles	January 2012	Clerk to the Corporation				

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets at least 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 Standards, Curriculum and Learning Committee, Finance and Employment Committee, Search and Governance Committee and Audit Committee. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at:

Barton Peveril Sixth Form College, Chestnut Avenue, Eastleigh, Hampshire, SO50 5ZA

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 Corporation 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 Corporation meetings. Briefings are also provided on an ad hoc basis.

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

Statement of Corporate Governance and Internal Control (continued)

There is a clear division of responsibility in that the roles of the Chair 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 and Governance Committee, consisting of six members of the Corporation, 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.

Finance and Employment Committee

Throughout the year ending 31 July 2015, the College's Finance and Employment Committee comprised six members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the financial health of the College and the remuneration and benefits of the Principal and other senior post-holders. It also considers the College's statutory employment policies and procedures.

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

Audit Committee

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

The Audit Committee meets at least three times a year 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 both audit and non-audit work.

Search and Governance

The Search and Governance committee meets at least three times a year and comprises six members. Its responsibilities include advising the Corporation on:

- governance matters including its composition and the membership of its Committees, co-ordinating the search for new members as vacancies occur
- the appointment of potential members taking into account diversity and skills within the Corporation membership

It also oversees:

- the eligibility of members and the Register of Interests
- the Self-Assessment of Governance and monitors the resulting Action Plan and the periodic review of the effectiveness of Governance
- the Recruitment Policy and Process for a Chair of Corporation
- the provision of appropriate Governor training

In addition it manages the Corporation DBS Checks and Disclosures Policy and Procedures and, following the recent new governance freedoms, it also reviews the Instrument and Articles of Government.

Standards, Curriculum and Learning

The Standards, Curriculum and Learning Committee meets at least three times a year and comprises at least six members, one of which is a Student Governor. It advises the Corporation on the Quality and Standards achieved in the College and monitors, reviews and challenges key performance indicators. It provides challenge and support in reviewing student achievement and experience through the analysis of various reports.

Additional responsibilities include monitoring the range, adequacy and sufficiency of the College's curriculum offer and reviewing the effectiveness and impact of the teaching staff appraisal scheme and staff development.

Internal control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between Barton Peveril Sixth Form College and 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 on-going 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 Barton Peveril Sixth Form College for the year ended 31 July 2015 and up to the date of approval of the annual report and accounts.

Statement of Corporate Governance and Internal Control (continued)

Capacity to handle risk

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

The risk and control framework

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

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

Barton Peveril 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, the regularity auditors, the appointed funding auditors (for colleges subject to funding audit) in their management letters and other reports.

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

The Senior Leadership 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 leadership team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The

__Statement of Corporate Governance and Internal Control (continued)__

Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior leadership team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its July 2015 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2015 by considering documentation from the senior leadership team and internal audit, and taking account of events since 31 July 2014.

Based on the advice of the Audit Committee and the Principal the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "*the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets*".

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 financial memorandum in place between the College and the Education Funding Agency. As part of its consideration the Corporation has had due regard to the requirements of the financial memorandum.

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 financial memorandum.

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.

Going concern

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

Approved by order of the members of the Corporation on 7th December 2015 and signed on its behalf by:

Signed……………………	**Signed……………………………**
Professor Roger Brown **Chair**	**Jonathan Prest** **Accounting Officer**

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.

Within the terms and conditions of the Financial Memorandum between the EFA and the Corporation of the College, the Corporation, through its Principal, is required to prepare financial statements for each financial year in accordance with the 2007 *Statement of Recommended Practice – Accounting for Further and Higher Education* and with the *Accounts Direction for 204/15 financial statements* issued jointly by the Skills Funding Agency and the EFA, and which give a true and fair view of the state of affairs of the College and the result for that year.

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

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

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

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

The maintenance and integrity of the College website is the responsibility of the Corporation of the College; the work carried out by 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 expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the EFA are used only in accordance with the Financial Memorandum with the EFA and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the EFA are not put at risk.

Approved by order of the members of the Corporation on 7th December 2015 and signed on its behalf by:

Signed…………………………………….. **Professor Roger Brown, Chair**

Independent Auditor's Report to the Corporation of Barton Peveril Sixth Form College

We have audited the College financial statements ("the financial statements") set out on pages 29 to 47. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective Responsibilities of the Corporation of Barton Peveril Sixth Form College and Auditor

As explained more fully in the Statement of the Corporation's responsibilities set out on page 26, the Corporation is responsible for the preparation of financial statements which give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the College's affairs as at 31 July 2015 and of the College's surplus of income over expenditure for the year then ended;

  and

- have been properly prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions.

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

- proper accounting records have been kept; and

- the financial statements are in agreement with the accounting records.

David I’Anson (Senior Statutory Auditor)
For and on behalf of Mazars LLP
8 New Fields
2 Stinsford Road
Nuffield
Poole
Dorset
BH17 0NF

Date

BARTON PEVERIL SIXTH FORM COLLEGE

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR FROM 1 AUGUST 2014 TO 31 JULY 2015

	Notes	*Year ended 31 July 2015* **£**	*Year ended 31 July 2014* **£**
Income			
Funding body grants	2	12,684,327	11,860,494
Tuition fees and education contracts	3	104,910	115,396
Other operating income	4	1,517,442	1,364,269
Investment income	5	5,446	12,266
Total income		**14,312,125**	**13,352,425**
Expenditure			
Staff costs	6	8,808,708	8,598,347
Other operating expenses	8	3,875,962	3,746,531
Depreciation	11	1,042,205	689,664
Interest and other finance costs	10	475,785	207,439
Total expenditure		**14,202,660**	**13,241,981**
Surplus on continuing operations after depreciation of tangible fixed assets at valuation, but before tax		**109,465**	**110,444**
Taxation	9	0	0
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and tax		**109,465**	**110,444**

The income and expenditure account is in respect of continuing activities.

BARTON PEVERIL SIXTH FORM COLLEGE

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Notes	*Year ended 31 July 2015* **£**	*Year ended 31 July 2014* **£**
Surplus on continuing operations after depreciation and disposal of tangible fixed assets at valuation and tax		109,465	110,444
Actuarial loss in respect of pension scheme	16	(340,000)	(40,000)
Total recognised (losses)/gains since the last report		**(230,535)**	**70,444**
Reconciliation			
Opening reserves		6,586,577	6,516,133
Total recognised (losses)/gains for the year		(230,535)	70,444
Closing reserves		**6,356,042**	**6,586,577**

BARTON PEVERIL SIXTH FORM COLLEGE

NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS

FOR THE YEAR FROM 1 AUGUST 2014 TO 31 JULY 2015

	Notes	*Year ended 31 July 2015* £	*Year ended 31 July 2014* £
Surplus on continuing operations before tax		109,465	110,444
Difference between historical cost depreciation and actual charge for the year calculated on the revalued amount	18	257,733	89,054
Historical cost surplus for the period		**367,198**	**199,498**

BARTON PEVERIL SIXTH FORM COLLEGE

BALANCE SHEET

AS AT 31 JULY 2015

	Notes	*Year ended 31 July 2015* £	*Year ended 31 July 2014* £
FIXED ASSETS			
Tangible assets	11	**20,045,861**	**17,709,575**
CURRENT ASSETS			
Stock		31,717	26,092
Debtors	12	50,308	71,394
Cash at bank and in hand		1,633,522	1,132,645
Total current assets		**1,715,547**	**1,230,131**
CREDITORS: Amounts falling due within one year	13	955,205	1,353,572
NET CURRENT ASSETS		**760,342**	**(123,441)**
TOTAL ASSETS less CURRENT LIABILITIES		**20,806,203**	**17,586,134**
CREDITORS: Amounts falling due after more than one year	14	5,696,419	2,642,923
Net Assets excluding pension liability		**15,109,784**	**14,943,211**
Net pension liability	16	(2,860,000)	(2,450,000)
NET ASSETS INCLUDING PENSION LIABILITY		**12,249,785**	**12,493,211**
Deferred capital grants	17	5,893,743	5,906,634
Reserves			
Income and Expenditure account excluding pension reserve		7,497,467	7,060,269
Pension Reserve	16	(2,860,000)	(2,450,000)
Income and Expenditure account including pension reserve	19	4,637,467	4,610,269
Revaluation reserve	18	1,718,575	1,976,308
Total reserves		6,356,042	6,586,577
Total Funds		**12,249,785**	**12,493,211**

The financial statements on pages 29 to 46 were approved and authorised for issue by the Corporation on 7th December 2015 and signed on its behalf on that date by:

Prof R Brown
Chair of Corporation

J Prest
Accounting Officer

BARTON PEVERIL SIXTH FORM COLLEGE

CASH FLOW STATEMENT

FOR THE YEAR FROM 1 AUGUST 2014 TO 31 JULY 2015

	Notes	*Year ended 31 July 2015* £	*Year ended 31 July 2014* £
Net cash inflow from operating activities	20	**1,321,774**	**68,310**
Returns on investments and servicing of finance			
Interest received		5,446	12,266
Interest paid		(455,785)	(177,439)
Net cash outflow from investments and servicing of finance		**(450,339)**	**(165,173)**
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(3,378,491)	(2,225,550)
Deferred capital grants received		317,083	1,649,603
Net cash outflow from investing activities		**(3,061,408)**	**(575,947)**
Net cash (outflow) before financing		**(2,189,973)**	**(672,810)**
Financing			
New secured loans		3,002,000	0
Repayment of amounts borrowed		(311,150)	(607,298)
Net cash inflow/(outflow) from financing		**2,690,850**	**(607,298)**
Increase/(Decrease) in cash	21	**500,877**	**(1,280,108)**
Reconciliation of net cash flow to movement in net debt			
Increase/(Decrease) in cash in the period		500,877	(1,280,108)
Cash (inflow)/outflow from financing		(2,690,850)	607,298
Movement in net debt in year		(2,189,973)	(672,810)
Net debt at 1 August		(2,139,174)	(1,466,364)
Net debt at 31 July		(4,329,147)	(2,139,174)

1. STATEMENT OF ACCOUNTING POLICIES

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

Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting in Further and Higher Education 2007 (the SORP), the Accounts Direction for 2014-2015 financial statements and in accordance with applicable Accounting Standards.

Basis of Accounting

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

Going Concern

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

The College currently has £5.963m of loans outstanding with bankers on terms negotiated in 2015. The terms of the existing agreement are for another 20 years. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeble future.

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

Recognition of Income

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

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

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

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

All income from short term deposits is credited to the income and expenditure account in the period in which it is earned.

Post Retirement Benefits

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

Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in note 16, the TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions are recognised as they are paid each year.

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

Tangible Fixed Assets

Land and buildings

Land and buildings inherited from the Local Education Authority on incorporation are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis.

Building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 10 and 50 years.

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

Finance costs, which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets. A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying of any fixed asset may not be recoverable.

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

Assets under construction

Assets under construction are accounted for at cost, based on the value of 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 it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

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

Equipment

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

All assets are depreciated over their useful life to the College:

building improvements - 10 years on a straight-line basis
motor vehicles - 5 years on a straight-line basis
computer equipment - 3 years on a straight-line basis
other equipment - 5 years on a straight-line basis

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

Leased Assets

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

Stocks

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

Maintenance of Premises

The cost of routine corrective and planned maintenance is charged to the income and expenditure account in the period in which it is incurred.

Taxation

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

The College receives no 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. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Liquid Resources

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

Provisions

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

Agency Arrangements

The College acts as an agent in the collection and payment of Discretionary Support Funds and certain transport arrangements. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure account and are shown separately in note 26, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant. The College employs one member of staff dedicated to the administration of the Discretionary Support Fund applications and payments.

2. FUNDING BODY GRANTS

	Year ended 31 July 2015	***Year ended 31 July 2014***
	£	**£**
Recurrent grant - Main Funding Body	12,292,978	11,615,459
Releases of deferred capital grant	329,974	180,595
Non-Recurrent grants - Main Funding Body	61,375	64,440
	12,684,327	**11,860,494**

3. TUITION FEES AND EDUCATION CONTRACTS

	Year ended 31 July 2015	***Year ended 31 July 2014***
	£	**£**
Tuition Fees	104,179	93,892
Education Contracts	731	21,504
	104,910	**115,396**

4. OTHER OPERATING INCOME

	Year ended 31 July 2015 £	Year ended 31 July 2014 £
Lettings	20,638	20,156
Shop sales / sale of equipment and books	65,149	71,034
Fees and charges	685,736	625,110
Catering Income	533,573	444,976
Other income	212,346	202,993
	1,517,442	**1,364,269**

5. INVESTMENT INCOME

	Year ended 31 July 2015 £	Year ended 31 July 2014 £
Interest receivable	5,446	12,266
	5,446	**12,266**

6. STAFF COSTS

The average number of persons (including senior postholders) employed by the college during the year, expressed as full time equivalents, was:

	Year ended 31 July 2015	Year ended 31 July 2014
Teaching Staff	133	130
Non Teaching Staff	85	90
	218	220

Staff costs for the above persons:	Year ended 31 July 2015 £	Year ended 31 July 2014 £
Wages and salaries	7,112,154	6,956,351
Social security costs	463,175	476,245
Other pension costs (including FRS17 adjustments 2015 -£50,000, 2014 -£70,000)	1,045,566	1,005,420
Staff costs sub total	**8,620,895**	**8,438,016**
Contracted out staffing services	187,813	160,331
Total staff costs	**8,808,708**	**8,598,347**

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

	Senior Post-holders		**Other Staff**	
	2015 No.	**2014 No.**	**2015 No.**	**2014 No.**
£60,001 to £70,000	0	0	2	2
£70,001 to £80,000	0	0	2	0
£90,001 to £100,000	1	1	0	0
£120,001 to £160,000	1	1	0	0
£160,001 to £170,000	0	0	0	0
	2	2	4	2

7. EMOLUMENTS OF SENIOR POST HOLDERS

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

	Year ended 31 July 2015	*Year ended 31 July 2014*
Number of senior post-holders, including the Accounting Officer was	2	2
Senior post-holders' emoluments are made up as follows:		
	£	£
Salaries	207,405	228,792
Pension contributions	29,083	28,606
Total emoluments	236,488	257,398

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

	Year ended 31 July 2015	*Year ended 31 July 2014*
	£	£
Salaries	120,297	144,302
Pension Contributions	16,961	16,767
Total emoluments	137,258	161,069

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

8. OTHER OPERATING EXPENSES

	Year ended 31 July 2015	*Year ended 31 July 2014*
	£	£
Teaching costs	1,298,453	1,178,648
Non teaching costs	1,850,219	1,748,660
Premises costs	727,290	819,223
	3,875,962	**3,746,531**

Other operating costs include:

	Year ended 31 July 2015	*Year ended 31 July 2014*
	£	£
Auditor's remuneration		
- Financial statements audit	11,000	11,000
- internal audit	9,000	9,720
Operating leases	49,809	51,550

9. TAXATION

The members do not believe the College was liable for any corporation tax arising out of its activities during this period as it benefits from the general exemptions from Corporation Tax afforded by Section 505 Taxes Act 1988.

10. INTEREST PAYABLE AND OTHER FINANCE COSTS

	Year ended 31 July 2015	*Year ended 31 July 2014*
	£	£
On bank loans, overdrafts and other loans, repayable wholly or partly in more than five years.	455,785	177,439
Pension finance costs (note 16)	20,000	30,000
	475,785	**207,439**

11. TANGIBLE FIXED ASSETS

	Buildings under construction	Freehold Land and Buildings	Equipment	Total
	£	£	£	£
Cost or valuation				
At 1 August 2014	115,404	24,002,318	2,456,339	26,574,061
Additions	3,245,654	44,272	88,565	3,378,491
At 31 July 2015	**3,361,058**	**24,046,590**	**2,544,904**	**29,952,552**
Depreciation				
At 1 August 2014	0	6,746,584	2,117,902	8,864,486
Charge for period	0	915,918	126,287	1,042,205
At 31 July 2015	**0**	**7,662,502**	**2,244,189**	**9,906,691**
Net book value at 31 July 2015	**3,361,058**	**16,384,088**	**300,715**	**20,045,861**
Net book value at 31 July 2014	115,404	17,255,734	338,437	17,709,575

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

Land and buildings inherited from the LEA at incorporation have been valued by the College on a depreciated replacement cost basis in February 1993 by Edward Rushton Son & Kenyon a firm of independent surveyors.

Land and buildings with a net book value of £5,420,485 have been funded from exchequer funds, through the receipt of capital grants from the Funding Councils. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the Funding Councils, to surrender the proceeds.

If inherited land and buildings had not been valued they would have been included at the following amounts:

Cost	-
Aggregate depreciation based on cost	-
Net book value based on cost	-

12. DEBTORS

	31 July 2015	*31 July 2014*
	£	£
Amounts falling due within one year		
Trade debtors	21,827	34,887
Prepayments and other accrued income	28,481	36,507
	50,308	**71,394**

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 July 2015	*31 July 2014*
	£	£
Bank loans and overdrafts	266,250	628,895
Payments received in advance	155,746	137,698
Trade creditors	27,170	111,882
Other taxation and social security	147,260	151,913
Other creditors	267,660	259,747
Accruals	91,119	63,437
	955,205	**1,353,572**

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 July 2015	31 July 2014
	£	£
Bank loans	5,696,419	2,642,923
	5,696,419	**2,642,923**

15. BORROWINGS

	31 July 2015	31 July 2014
Bank loans and overdrafts	£	£
Bank loans and overdrafts are repayable as follows:		
In one year or less	266,250	628,895
Between one and two years	710,000	653,545
Between two and five years	1,065,000	1,359,234
In five years or more	3,921,419	630,144
Total	**5,962,669**	**3,271,818**

Bank loans totalling £5,962,669 repayable by instalments falling due between 1 August 2015 and 31 July 2035 are secured on a first legal mortgage over the College's premises. The interest rate charged on the loan is on a 3 month LIBOR basis, with the margin being 1.65% above daily LIBOR.

16. PENSION AND SIMILAR OBLIGATIONS

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

Total pension cost for the year

	Year ended 31 July 2015	Year ended 31 July 2014
	£	£
Teachers Pension Scheme:contributions paid	692,864	640,278
Local Government Pension Scheme:		
Contributions paid	302,702	295,142
Non exceptional FRS 17 debit/(credit)	30,000	70,000
	1,025,566	**1,005,420**

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuations of the TPS was 31 March 2004 and the LGPS 31 March 2013.

Contributions amounting to £129,940 (2014 - £126,484) were payable to the scheme at 31 July and are included in other creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. These regulations apply to teachers in schools and other education establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers and lecturers from 1st January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions are on a 'pay-as-you-go' basis, and employers' contributions are credited to the Exchequer under arrangements governed by the above Act.

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

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. The last formal actuarial valuation undertaken for the TPS was completed in 2004. Consequently, a formal actuarial valuation would have been due in 2008. However formal actuarial valuations for unfunded public service pension schemes have been suspended by HM Treasury on value for money grounds while consideration is given to recent changes to public service pensions and while future scheme terms are developed as part of the reforms to public service pension provision. The primary purpose of the formal actuarial valuations is to set employer and employee contribution rates, and these are currently being determined under the new scheme design.

Approximate actuarial assessments in intervening years between valuations using updated membership data are accepted as providing suitably robust figures for financial reporting purposes.

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

As noted, the last formal valuation of the TPS related to the period 1st April 2001 - 31st March 2004. The GA's report of October 2006 revealed that the total liabilities of the scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%.

As from 1st January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.5%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regualtions within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced - effective for the first time for the 2008 valuation - a 14% cap on employer contributions payable.

Scheme Changes

From 1st April 2014 to 31st March 2015, the employee contribution rate ranged between 6.4% and 12.4%, depending on a member's Full Time Equivalent salary, with employer contributions set at 14.1%. With effect 1st April 2015 the employee contributions rates were increased and ranged between 7.4% and 11.7%, depending on a member's Full Time Equivalent salary, with Employer contributions set to increase to 16.4% from September 2015.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS, as set out in the Proposed Final Agreement, and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

The Proposed Final Agreement can be found at:

http://media.education.gov.uk/assets/files/ppt/t/tps%20proposed%20final%20agreement.pdf

The pension costs paid to TPS in the year amounted to £692,864 (2014:£640,278)

FRS 17

Under the definitions set out in Financial Reporting Standard (FRS17) Retirement Benefits, the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate funds administered by Hampshire County Council. The total contribution made for the year ended 31 July 2015 was £408,861 of which employers contributions totalled £302,702 and employees contributions totalled £106,159.

The agreed contribution rates for future years are 13.1% with a fixed payment of £87,267 per annum for employers and a range from 5.5% to 8.5% for employees, depending on salary.

FRS 17

Principal Actuarial Assumptions

	as at 31 July 2015	**as at 31 July 2014**	**as at 31 July 2013**
RPI Inflation	3.2%	3.2%	3.6%
CPI Inflation	2.1%	2.2%	2.7%
Rate of increase in salaries	3.6%	3.7%	4.6%
Rate in increase of pensions	2.1%	2.2%	2.7%
Discount Rate for Liabilities	3.6%	4.1%	4.5%

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

	as at 31 July 2015	as at 31 July 2014
Retiring today/current pensioners		
Males	24.5	24.4
Females	26.3	26.2
Retiring in 20 years/future pensioners		
Males	26.6	26.5
Females	28.6	28.5

The assets in the scheme and the expected rates of return were:

	Long-term rate of return expected at 31 July 2015	**Fair Value at 31 July 2015**	**Long-term rate of return expected at 31 July 2014**	**Fair Value at 31 July 2014**
Equities	7.5%	2,995,750	7.5%	2,672,880
Bonds	3.2%	1,432,750	3.2%	1,118,880
Property	6.8%	427,220	6.8%	341,880
Other Assets	7.5%	354,280	7.5%	306,360
Total Market Value of assets		**5,210,000**		**4,440,000**
Present value of scheme liabilities				
Funded		(8,070,000)		(6,890,000)
(Deficit) in the scheme		**(2,860,000)**		**(2,450,000)**

Amounts recognised in the income and expenditure account	***Year ended 31 July 2015 £***	***Year ended 31 July 2014 £***
Employer service cost (net of employee contributions)	320,000	300,000
Total operating charge	320,000	300,000

Analysis of pension finance income/(costs)

Expected return on pension scheme assets	270,000	270,000
Interest on pension liabilities	(290,000)	(300,000)
Pension finance cost	(20,000)	(30,000)

Amount recognised in statement of total recognised gains and losses (STRGL) (STRGL)

Actuarial gains/losses on pension scheme assets	240,000	(310,000)
Actuarial gains losses on scheme liabilities including CPI credit of £nil (2014: £270,000)	(580,000)	270,000
Actuarial loss recognised in STRGL	(340,000)	(40,000)

Movement in deficit during year

Deficit in scheme at 1 August	(2,450,000)	(2,310,000)
Movement in year:		
Current service charge	(350,000)	(370,000)
Contributions	320,000	300,000
Past service cost	(20,000)	0
Net interest/return on assets	(20,000)	(30,000)
Actuarial gain/(loss)	(340,000)	(40,000)
Deficit in scheme at 31 July	(2,860,000)	(2,450,000)

Asset and Liability Reconciliation

Reconciliation of Liabilities

	31 July 2015	*31 July 2014*
At 1 August	£	£
Current Service Cost	6,890,000	6,460,000
Interest Cost	350,000	370,000
Employee contributions	290,000	300,000
Actuarial loss	110,000	110,000
Benefits paid	580,000	(270,000)
Past Service Cost	(170,000)	(80,000)
	20,000	0
At 31 July		
	8,070,000	**6,890,000**

Reconciliation of Assets

	31 July 2015	*31 July 2014*
	£	£
At 1 August	4,440,000	4,150,000
Expected return on assets	270,000	270,000
Actuarial gain/(loss)	240,000	(310,000)
Employer contributions	320,000	300,000
Employee contributions	110,000	110,000
Benefits paid	(170,000)	(80,000)
At 31 July	**5,210,000**	**4,440,000**

The estimated value of the employer contributions for the year ended 31 July 2016 is £295,000.

The five-year history of experience adjustments is as follows:

	2015	**2014**	**2013**	**2012**	**2011**
Experience adjustments on share of scheme assets:	£ 240,000	£ (310,000)	£ 360,000	£ (70,000)	£ (220,000)
Percentage of Scheme Assets	5%	-7%	8%	-2%	-7%
Experience adjustments on scheme liabilities:	(580,000)	270,000	(100,000)	(560,000)	50,000
Percentage of Scheme Liabilities	-7%	4%	-2%	-13%	1%
Total amount recognised in STRGL	(340,000)	(40,000)	260,000	(630,000)	(170,000)
Percentage of Scheme Liabilities	-4%	-1%	4%	-10%	-4%

17. DEFERRED CAPITAL GRANTS

	Main Funding Body	Other	TOTAL
	£	£	£
At 1 August 2014			
Land and Buildings	5,898,384	0	5,898,384
Equipment	0	8,250	8,250
Cash received			
Land and Buildings	317,083	0	317,083
Released to income and expenditure account			
Land and Buildings	(328,974)	0	(328,974)
Equipment	0	(1,000)	(1,000)
At 31 July 2015			
Land and Buildings	**5,886,493**	**0**	**5,886,493**
Equipment	**0**	**7,250**	**7,250**
Total	**5,886,493**	**7,250**	**5,893,743**

18. REVALUATION RESERVE

	Year ended 31 July 2015	*Year ended 31 July 2014*
	£	£
At 1 August	1,976,308	2,065,362
Transfer from revaluation reserve to income and expenditure account in respect of depreciation on revalued assets.	(257,733)	(89,054)
At 31 July	**1,718,575**	**1,976,308**

19. MOVEMENT ON GENERAL RESERVES

	Year ended 31 July 2015	*Year ended 31 July 2014*
	£	£
Income and expenditure account reserve		
At 1 August	4,610,269	4,450,771
Transfer from revaluation reserve to income and expenditure account	257,733	89,054
Actuarial (loss)/gain on pension liability	(340,000)	(40,000)
Surplus on continuing operations after depreciation of assets at valuation and tax	109,465	110,444
At 31 July	**4,637,467**	**4,610,269**
Balance represented by:		
Pension reserve	(2,860,000)	(2,310,000)
Income and expenditure account reserve excluding pension reserve	7,497,467	7,060,269
At 31 July	**4,637,467**	**4,750,269**

20. RECONCILIATION OF OPERATING SURPLUS TO NET CASHFLOW FROM OPERATING ACTIVITIES

	Year ended 31 July 2015 £	*Year ended 31 July 2014 £*
Surplus on continuing operations after depreciation of assets at valuation and tax	109,465	110,444
Depreciation	1,042,205	689,664
Deferred Capital Grant (note 17)	(329,974)	(180,595)
FRS 17 Pension cost less contributions payable (note 16)	50,000	70,000
FRS 17 Pension finance cost (note 10)	20,000	30,000
(Increase) in stock	(5,625)	(4,698)
Interest payable	455,785	177,439
Decrease/(increase) in debtors	21,086	(37,310)
(Decrease)/increase in trade creditors	(84,712)	108,810
(Decrease)/increase in tax and pension contributions	(4,653)	1,774
Increase/(decrease) in payments on account	18,048	(460,660)
Increase/(decrease) in other liabilities	35,595	(424,292)
Interest receivable (note 5)	(5,446)	(12,266)
Net cash inflow from operating activities	**1,321,774**	**68,310**

21. ANALYSIS OF CHANGES IN NET DEBT

Analysis of changes in net debt

	31 July 2014 £	*Cash flows £*	*31 July 2015 £*
Cash at bank and in hand	1,132,645	500,877	1,633,522
	1,132,645	500,877	1,633,522
Debt due within 1 year	(628,895)	362,645	(266,250)
Debt due after 1 year	(2,642,923)	(3,053,496)	(5,696,419)
Total	(2,139,173)	(2,189,974)	(4,329,147)

22. CAPITAL COMMITMENTS

As at the 31st July 2015 the College has capital commitments totalling £1,401,301 for the completion of the Science Block and a further £276,803 for building work refurbishments.

A total of £246,297 worth of orders were raised in July 2015 for delivery in August 2015, these orders are authorised but not contracted for.

23. POST BALANCE SHEET EVENTS

There have been no significant post balance sheet events.

24. FINANCIAL COMMITMENTS

At 31 July 2015 the college had annual commitments under other non-cancellable operating leases as follows:

	Year ended 31 July 2015 £	*Year ended 31 July 2014 £*
Other		
Expiring within one year	6,342	4,167
Expiring between two and five years inclusive	43,467	47,383
	49,809	**51,550**

25. RELATED PARTY TRANSACTIONS

Due to the nature of the College's operations and the composition of the Corporation (being drawn from local public and private sector organisations) it is inevitable that transactions may take place with organisations in which a member of the Corporation may have an interest. All transactions involving organisations in which the member of the Corporation may have an interest are conducted in accordance with the College's financial regulations and normal procurement procedures.

No expenses were paid to or on behalf of the Governors during the year (2014: £535; 3 governors).

No Governor has received any remuneration or waived payments from the College during the year (2014: None).

Transactions with the LSC and its successor organisations are detailed in notes 2, 13 and 17.

26. AMOUNTS DISPURSED AS AGENT

Discretionary Support Funds	***Year ended 31 July 2015 £***	***Year ended 31 July 2014 £***
EFA and SFA grants - hardship funds	209,395	205,977
Disbursed to Students	184,064	185,786
Administration Costs	10,290	9,503
Balance unspent as at 31 July	**15,041**	**10,688**

Funding Council grants are available solely for students; the College acts only as a paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

Independent regularity report to the Corporation of Barton Peveril Sixth Form College ('the Corporation') and the Education Funding Agency

In accordance with the terms of our engagement letter and further to the requirements of the Education Funding Agency, we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received of Barton Peveril Sixth Form College ('the College') during the year ended 31 July 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Corporation and the Education Funding Agency. Our review work has been undertaken so that we might state to the Corporation and the Education Funding Agency those matters we are required to state to it in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation and the Education Funding Agency, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of the Members of the Corporation of Cirencester College and Auditors

The College's Corporation is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations, for ensuring that expenditure 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 review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the Audit Code of Practice and the Regularity Audit Framework issued by the Learning and Skills Council. We report to you whether, in our opinion, in all material respects, expenditure disbursed and income received during the year ended 31 July 2015 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Basis of opinion

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

Opinion

In our opinion, in all material respects, the expenditure disbursed and income received during the year ended 31 July 2015 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

David I'Anson
for and on behalf of Mazars LLP, Chartered Accountants (Statutory Auditor)
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