Barton Peveril
Sixth Form College

Annual Report & Financial Statements

for the year ended
31 July 2012

CONTENTS

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 2012.

LEGAL STATUS

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

On 1 August 2011, the Secretary of State granted consent to the Corporation to change the College's name to Barton Peveril Sixth Form College. The Corporation believes that the new name represents the mission and activities of the College.

MISSION & VALUES

Governors reviewed the College's mission and values during 2008-2009 and confirmed them as follows:

Barton Peveril Sixth Form College's Mission is to be a Centre of Excellence in post-16 education, adding value to our students' academic achievements and wider experiences.

Our Values

- We set high expectations of our students and want them all to fulfil their academic potential
- We prepare students for their futures whether at university, in employment or in their wider lives by developing skills such as self-reliance and resilience, creativity and imagination, problem solving and persistence, working with others, and communicating effectively
- We nurture the confidence and ambitions of all our students and praise and celebrate their efforts and commitment
- We provide challenging learning opportunities and inspiring teaching through investing in the teaching skills, subject interests and professional development of our staff
- We meet the individual needs of every one of our students and promote an environment of mutual respect and equal opportunities in a lively, purposeful, friendly, safe, inclusive and modern community
- We listen to our students and learn from them
- We cultivate a constructive, three way relationship with parents to help students achieve their full potential
- We work with partners in our community to provide the best opportunities for young people locally

Operating and Financial Review (continued)

IMPLEMENTATION OF STRATEGIC PLAN

In July 2011 the College reviewed the strategic plan for the period 1 August 2009 to 31 July 2012. 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:

<table>
<tr><th colspan="5">Strategic Plan 2009-2012: Progress Report July 2012</th></tr>
<tr><td>KPI1</td><td>To bring AS and A2 into the top 20% of all schools and colleges in ALPS by September 2012</td><td colspan="3">This KPI was revised in March 2010 after the original target had been exceeded by the results from the 2009 examination series.

See attached performance table to show progress against target.</td></tr>
<tr><td>KPI 2</td><td>Lesson observations in IQR and EQR demonstrate an increased focus on active and innovative teaching and learning as identified within the staff development plan</td><td colspan="3">There have been positive outcomes from lesson observations, but there is still a need for a greater consistency of high teaching performance across College.

There is a growing use of active learning techniques and other strategies to challenge students and support learning

Barton Peveril's Virtual Learning environment has been recognised nationally. The College gained two awards from JISC RSC (2010/11) and is featured as a case study LSIS Excellence Gateway web site. We now have 16 000 resources (51GB) available online, averaging the addition of over 1000 resources per month.</td></tr>
<tr><td rowspan="3">KPI 3</td><td rowspan="3">Student recruitment targets to be met as stated in the strategic plan, subject to the funding body approval</td><td colspan="3">Student recruitment has exceeded that of the plan, as shown below. This aligns well with the new funding regime of 'lagged student numbers'. The marketing plan has laid ambitious targets for increasing the proportion of students from partner schools.</td></tr>
<tr><td></td><td>College Target</td><td>Actual</td></tr>
<tr><td>2011-12
2010-11
2009-10
2008-09</td><td>2598
2436
2413
2338</td><td>2611
2538
2428
2343</td></tr>
<tr><td>KPI 4</td><td>Student satisfaction with their learning experience improves in College and FFE Surveys from satisfactory to good</td><td colspan="3">FFE outcomes in September 2010 show the same or better performance compare with the average for similar institutions in each of the 9 question areas. Overall this is 2% above the average for similar institutions.

The surveys are no longer conducted and therefore this performance indicator cannot be reported upon for this year.</td></tr>
</table>

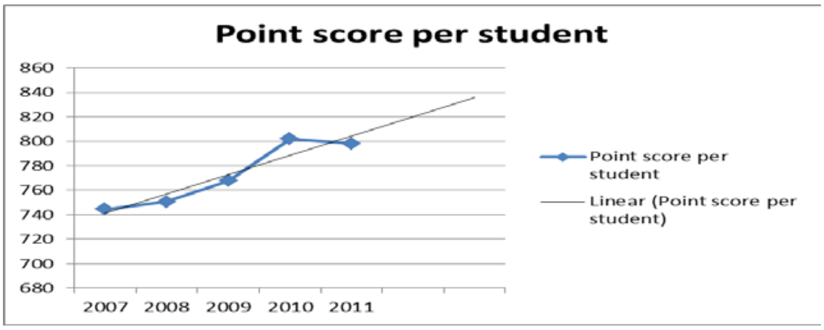
Operating and Financial Review (continued)

KPI 5	Small improvements to the college campus implemented, a new accommodation strategy for the long term developed and a progress made towards securing funding for this	A 10 year Property Strategy was approved in July 2010. • Cladding of Mountbatten was completed in September 2011. • Library refurbishment works were complete in August 2011. • The Hampshire building was refurbished internally and modified to create a new Art studio. • A contract has been awarded for the construction of a new building which includes 18 classrooms, a café and student study areas. This will be complete by July 2013.

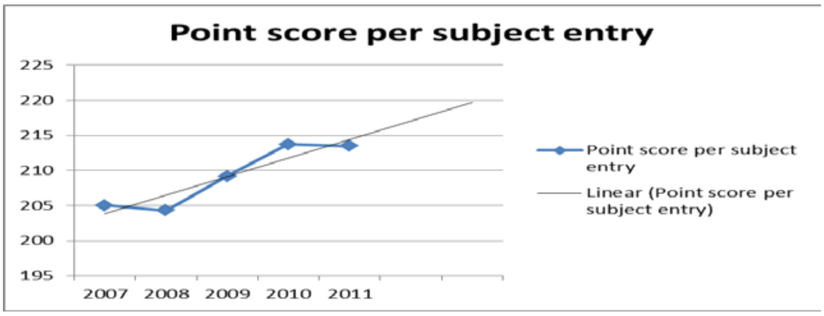
Performance Tables and Graphs

The table and graphs below show our performance against those indicators which are published annually for all schools and colleges nationally. The points score differences between 2010 and 2011 are not significant. The drop from the 79th to 75th percentile does present the College with a challenge to improve performance relative to other institutions teaching A Levels.

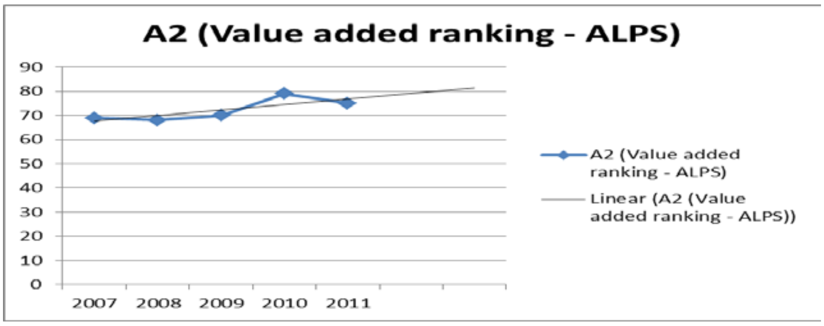
	2007	2008	2009	2010	2011
Point score per student	744.6	750.6	767.8	801.8	798.1
Point score per subject entry	205.0	204.3	209.2	213.7	213.5
Contextualised Value Added (CVA)	993.8	995.1	1004.5	1008.2	(no longer published).
A2 (Value added ranking - ALPS)	69th percentile	68th percentile	70th percentile	79th percentile	75th percentile



Point score per student: This is the average total points scored by students completing their second year of study.



Point score per entry: This is the average number of points scored in full A level and equivalent courses by students completing their second year of study.



ALPS: this is the 'value added' ranking of the College compared to other institutions offering A Levels

Operating and Financial Review (continued)

FINANCIAL OBJECTIVES

The College has a key objective to remain financially sound so as to:

- Maintain the confidence of the Funding Agencies, suppliers, bankers and auditors
- Generate sufficient income to enable maintenance and improvement of its accommodation and equipment
- Ensure that the planned maintenance programme is delivered on time and within budget
- Protect it from any unforeseen adverse changes in enrolments
- To fund continued capital investment.

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

- Cash flow from operations will remain positive
- An adjusted 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
- 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

All of these objectives have been met and are monitored, on a monthly basis, through a series of financial performance indicators.

PERFORMANCE INDICATORS

In 2011/12 the College exceeded its 16 –18 student learner number targets with recruitment at 2611 students. The Adult learner activity involved approximately 600 students supported by Government funding.

The College is committed to observing the importance of the measures and indicators within the Framework and is monitoring these through the completion of the annual Finance Record for the Skills Funding Agency/Young Peoples Learning Agency ("YPLA"). The current rating is Outstanding.

FINANCIAL POSITION

FINANCIAL RESULTS

The College generated an operating surplus in the year of £435,233, for 2010/11, there was a surplus of £272,226. A surplus of £485,233 was achieved on continuing operations prior to the FRS17 adjustment.

The College has accumulated reserves of £5,542,563 and cash balances of £3,711,552.

Tangible fixed asset additions during the year amounted to £1,900,002. This was mainly for the refurbishment of the Learning Resource Centre and the re-cladding of the Mountbatten Block, £1,186,253 of this expenditure was reported in the prior year as works under construction. £57,750 was spent on Learning Resource Centre furniture and £48,297 was spent on IT equipment. £250,810 has been spent on further building works under construction.

Operating and Financial Review (continued)

The College has significant reliance on the Funding Agencies for its principal funding source, largely from recurrent grants. In 2011/12 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 transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

Such arrangements are restricted by limits in the Financial Memorandum with the YPLA. All borrowing requires the authorisation of the Corporation and shall comply with the requirements of the College's Financial Memorandum agreed with the YPLA / Hampshire County Council.

CASHFLOWS

At £922,069 the operating cash 'in flow' was reasonably strong. For 2010/11, there was an operating cash 'in flow' of £824,200.

LIQUIDITY

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 2011/12 the College has delivered activity that has produced £11,916,811 in funding body main allocation funding (2010/11 – £11,593,474). There were 2600 16-18 year old students and 635 19+ students were SFA-funded during 2011-12. There were also 286 non-YPLA 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 2011/12 with 99% A level pass rate.

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. We also offer a growing number of accredited as well as non-accredited courses to adults from the local community in the evening. The adults were also successful in employment-related courses such as NVQ Care as well as Skills for life. The College has recently introduced Access Courses for adults to broaden the College's adult portfolio in meeting the needs of Government priorities.

The College will be offering an Art Foundation course from September 2012.

Operating and Financial Review (continued)

PAYMENT PERFORMANCE

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2011 to 31 July 2012, the College paid 98 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

POST-BALANCE SHEET EVENTS

None.

Future developments

The College's recruitment projections show a continued increase in future student numbers. This will have a positive impact on its ability to cope with potential reductions in income due to Government cutbacks in funding for the sector and remain a going concern. However, this will place the current accommodation under severe pressure, requiring the College to implement aspects of its property strategy.

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 £9,365,441 of net assets (including £2.50 million pension liability) and long term debt of £3.879 million.

People
The College employs 394 people (224 expressed as full time equivalents), of whom 151 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 Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify '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. 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.

Operating and Financial Review (continued)

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

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. ***'Changes in Funding Body or Government policy which markedly affect the business of the College'***

The College has considerable reliance on continued government funding through the YPLA and its successor organisations. In 2011/12, 88% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There are 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 lagged student number funding system.
- Current review to simplify the funding system.

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 YPLA
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.

In line with the majority of other colleges, Barton Peveril Sixth Form College will seek to increase tuition fees in accordance with the rising fee assumptions. The price elasticity of adult learning is not yet fully understood. The risk for the College is that demand falls off as fees increased. This will impact on the Adult Learning strategy of the College

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students.
- Close monitoring of the demand for courses as prices change.

2. '***Failure to meet future pension liabilities'***

The financial statements report the share of the pension scheme deficit on the College's balance sheet in line with the requirements of FRS 17. The annual charge to the Income and Expenditure account for 2011-12 is £60,000, with the pension liability standing at £2.5m.

3. 'Failure of student transport to and from College'

This risk is mitigated in a number of ways:

- By ensuring the College has appropriate contracts with local transport operators, to ensure all students are able to access transport to college and by offering value for money ticketing for those journeys.
- Close monitoring of the demand for transport from each cohort of students.

STAKEHOLDER RELATIONSHIPS

In line with other colleges, Barton Peveril Sixth Form College has many stakeholders. These include: Students; Funding Councils; Staff; Local employers (with specific links); Local Authorities; 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, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis.

The College's Single Equality Scheme, is published on the College's Internet site.

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

Disability statement

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

a) As part of its ongoing Equality and Diversity strategy the College updated its access audit (undertaken in 2007), and the results of this formed the basis of an action plan aimed at improving access.
b) The College has an Equality and Diversity Coordinator, who provides information, advice and 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.

Operating and Financial Review (continued)

Disclosure of information to auditors

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Approved by order of the members of the Corporation on 4th December 2012 and signed on its behalf by:

…………………………………….

Professor Roger Brown

Chair of Corporation

Operating and Financial Review (continued)

Professional Advisers for the period of this report are:

Financial statement and regularity auditor:
Baker Tilly UK Audit LLP
Registered Auditor
Chartered Accountants
12 Gleneagles Court
Brighton Road
RH10 6AD

Internal auditor:
Hampshire Audit Services
County Treasurer's Department
The Castle
Winchester
Hampshire
SO23 8UB

Bankers:
Lloyd's TSB 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 College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in the UK Corporate Governance Code ("the Code ") issued by the FRC in June 2010. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the Governors, the College complies with all the provisions of the Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2012.

The Corporation

The members who served on the Corporation during the year and up to the date of signature of this report were as listed below.

Governors serving with the College Corporation during 2011-2012

Name	Date of appointment	Term of Office	Date of departure	Status of appointment	Committees served during the period
Professor Roger Brown ***Chair of Corporation from Dec 2009***	March 2009	4 years		Corporation Member	Standards Search and Governance (***Chair from May 2010)*** Finance and Employment (from Nov 10)
Mr Simon Gardiner ***Vice Chair of Corporation from Nov 2010***	November 2007 November 2009	 4 years		Additional Committee Member Corporation Member	Finance and Employment **(Chair from Nov 2010)**
Mr Jonathan Prest	August 2008	N/A		Principal	Search and Governance Finance and Employment
Mrs Shirley Anderson	October 2008 December 2009	N/a 4 years		Additional Committee Member Corporation Member	Search and Governance Finance and Employment
Miss Lucy Baxter	July 2012	1 year		Student Member	Standards
Mr Peter Boote	July 2010	4 years		Corporation Member	Audit
Miss Sheila Campbell	November 2007 Re-appointed November 2011	4 years		Co-opted Member Corporation Member	Standards ***(Chair from Nov 10)*** Finance and Employment
Miss Jade Costello	March 2011	1 year	March 2012	Student Member	Standards

Statement of Corporate Governance and Internal Control (continued)

Mrs Karen Everett	March 2010	4 years		Corporation Member	Finance and Employment Search and Governance (from Oct 11)
Mr Joel Horner	May 2010	3 years		Staff Member	Standards
Cllr Keith House	2002 Re-appointed July 2006, July 2010	4 years		Corporation Member	Search and Governance Finance and Employment
Mr Andrew Jackman	October 2012	4 years		Corporation Member	Audit
Mr Peter Jones	December 2011	3 years		Parent Governor	Standards
Miss Komal Joshi	March 2011	1 year	March 2012	Student Member	Standards
Prof Jane Longmore	October 2012	4 years		Corporation Member	Standards
Mrs Christine McNulty	2003 Re-appointed July 2007	4 years	October 2011	Business Member	Audit (to Nov 09) Standards ***(Chair to Nov 10)***
Mr Mohammad Mossadaq	July 2007 December 2008	 4 years	Resigned March 2012	Additional Committee Member Corporation Member	Standards (from Oct 09)
Mr David Quinney ***Vice Chair of Corporation to November 2010***	1992 Re-appointed 1997, 2001, 2005 and July 2009	4 years		Corporation Member	Finance and Employment
Mr Nick Tustian	2005 and November 2009	4 years		Corporation Member	Audit ***(Chair)***
Mr Stephen Vincent-Marshall	2006, May 2009 and July 2012	3 years		Staff Member	Audit
Mr Daniel Walker	July 2012	1 year		Student Member	Standards
Mrs Sally Weavind	2005 and March 2009	4 years		Corporation Member	Audit Standards
Mrs Lynn Webb	March 2011	4 Years		Corporation Member	Standards
Mrs Joan Miles	April 2011 January 2012	Acting Clerk to the Corporation 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 Committee, Finance and Employment Committee, Search and Governance Committee and Audit Committee. (In November 2010 the Finance Monitoring Group and the Remuneration and Employment Committee were merged to form the Finance and Employment 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.

There is a clear division of responsibility in that the roles of the Chairman and Principal 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 five 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 2012, the College's Finance and Employment Committee comprised eight 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 2012 are set out in note 7 to the financial statements.

Audit Committee

The Audit Committee comprises four 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 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 YPLA as they affect the College's business.

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

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

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

Internal control

Scope of responsibility

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Barton Peveril Sixth Form College for the year ended 31 July 2012 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2012 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

Statement of Corporate Governance and Internal Control (continued)

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 LSC's *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 management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its October 2012 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2012 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2011.

Statement of Corporate Governance and Internal Control (continued)

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 4th December 2012 and signed on its behalf by:

Signed…………………….	**Signed……………………………**
Professor Roger Brown **Chair**	**Jonathan Prest** **Principal**

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 Skills Funding Agency / YPLA 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 Institutions* and with the Accounts Direction issued jointly by the Skills Funding Agency and the Young Peoples Learning Agency, 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 Skills Funding Agency / YPLA are used only in accordance with the Financial Memorandum with the Skills Funding Agency / YPLA 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 Skills Funding Agency / YPLA are not put at risk.

Approved by order of the members of the Corporation on 4th December 2012 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 Barton Peveril Sixth Form College financial statements (“the financial statements”) set out on pages 21 to 38. 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 Article 22 of the College’s Articles of Government. 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 19, 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

A description of the scope of an audit of financial statements is provided on the APB’s website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the College’s affairs as at 31 July 2012 and of the College’s surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the revised Joint Audit Code of Practice (Part 1) issued jointly by the Skills Funding Agency and the Young People’s Learning Agency and the Audit Code of Practice issued by the Learning and Skills Council requires us to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

______________________	______________________
Baker Tilly UK Audit LLP	Date

Registered Auditor
Chartered Accountants
12 Gleneagles Court
Brighton Road
RH10 6AD

BARTON PEVERIL SIXTH FORM COLLEGE

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR FROM 1 AUGUST 2011 TO 31 JULY 2012

	Notes	*Year ended 31 July 2012* **£**	*Year ended 31 July 2011* **£**
Income			
Funding body grants	2	12,221,538	11,751,590
Tuition fees and education contracts	3	139,963	128,684
Other income	4	1,376,619	1,035,775
Investment income	5	25,772	19,103
Total income		**13,763,892**	**12,935,152**
Expenditure			
Staff costs	6	8,638,397	8,681,082
Other operating expenses	8	3,714,156	3,034,138
Depreciation	11	677,042	668,190
Interest payable	10	299,064	279,516
Total expenditure		**13,328,659**	**12,662,926**
Surplus on continuing operations after depreciation of tangible fixed assets at valuation, exceptional items but before tax		**435,233**	**272,226**
Taxation	9	0	0
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and tax		**435,233**	**272,226**

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

BARTON PEVERIL SIXTH FORM COLLEGE

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Notes	***Year ended 31 July 2012 £***	***Year ended 31 July 2011 £***
Surplus on continuing operations after depreciation and disposal of tangible fixed assets at valuation and tax		435,233	272,226
Actuarial loss in respect of pension scheme	16	(630,000)	(170,000)
Total recognised gains relating to the year		**(194,767)**	**102,226**
Reconciliation			
Opening reserves		5,737,329	5,635,103
Total recognised gains for the year		(194,767)	102,226
Closing Reserves		**5,542,562**	**5,737,329**

BARTON PEVERIL SIXTH FORM COLLEGE

STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS

FOR THE YEAR FROM 1 AUGUST 2011 TO 31 JULY 2012

	Notes	***Year ended 31 July 2012 £***	***Year ended 31 July 2011 £***
Surplus on continuing operations before tax		435,233	272,226
Difference between historical cost depreciation and actual charge for the year calculated on the revalued amount	18	98,479	98,479
Historical cost surplus for the period		**533,712**	**370,705**

BARTON PEVERIL SIXTH FORM COLLEGE

BALANCE SHEET

AS AT 31 JULY 2012

	Notes	*Year ended 31 July 2012* £	*Year ended 31 July 2011* £
FIXED ASSETS			
Tangible assets	11	**13,585,931**	**13,208,414**
CURRENT ASSETS			
Stock		13,181	13,409
Debtors	12	68,877	78,994
Cash in hand and at bank		3,711,552	2,789,483
Total current assets		**3,793,610**	**2,881,886**
CREDITORS: Amounts falling due within one year	13	1,634,984	1,779,207
NET CURRENT ASSETS		**2,158,626**	**1,102,679**
TOTAL ASSETS less CURRENT LIABILITIES		**15,744,557**	**14,311,093**
CREDITORS: Amounts falling due after more than one year	14	3,879,116	4,048,152
Net Assets excluding pension liability		**11,865,441**	**10,262,941**
Net pension liability	16	(2,500,000)	(1,820,000)
NET ASSETS INCLUDING PENSION LIABILITY		**9,365,441**	**8,442,941**
Deferred capital grants	17	3,822,878	2,705,612
Reserves			
Income and Expenditure account excluding pension reserve		5,888,147	5,304,434
Pension Reserve	16	(2,500,000)	(1,820,000)
Income and Expenditure account including pension reserve	19	3,388,147	3,484,434
Revaluation reserve	18	2,154,416	2,252,895
Total Funds		**9,365,441**	**8,442,941**

The financial statements on pages 21 to 38 were approved and authorised for issue by the Corporation on 4th December 2012 and signed on its behalf on that date by:

Prof R Brown
Chair of Corporation

J Prest
Principal

BARTON PEVERIL SIXTH FORM COLLEGE

CASH FLOW STATEMENT

FOR THE YEAR FROM 1 AUGUST 2011 TO 31 JULY 2012

	Notes	*Year ended 31 July 2012 £*	*Year ended 31 July 2011 £*
Net cash inflow from operating activities	20	**901,279**	**1,014,143**
Returns on investments and servicing of finance			
Interest received		25,772	19,103
Interest paid		(239,064)	(229,516)
Net cash outflow from investments and servicing of finance		**(213,292)**	**(210,413)**
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(1,054,559)	(800,958)
Deferred capital grants received		1,326,598	540,000
Net cash outflow from investing activities		**272,039**	**(260,958)**
Net cash inflow before financing		**960,026**	**542,772**
Financing			
New Secured Loans	21	370,000	630,000
Repayment of amounts borrowed	21	(407,957)	(348,572)
Net cash outflow from financing		**(37,957)**	**281,428**
Increase in cash	21	**922,069**	**824,200**
Reconciliation of net cash flow to movement in net funds/debt			
Increase in cash in the period		922,069	824,200
Cash (inflow)/outflow from financing		37,957	(281,428)
Movement in net funds in year		960,026	542,772
Net debt at 1 August		(1,713,994)	(2,256,766)
Net debt at 31 July		(753,968)	(1,713,994)

In this statement, figures in brackets refer to cash outflows and all other figures are cash inflows to the College.

BARTON PEVERIL SIXTH FORM COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR FROM 1 AUGUST 2011 TO 31 JULY 2012

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) and in accordance with applicable Accounting Standards. They conform to guidance published jointly by the Skills Funding Agency and the Education Funding Agency in the 2011/12 Accounts Direction Handbook.

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 £4.05m of loans outstanding with bankers on terms negotiated in 2010. The terms of the existing agreement are for another 15 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 at the end of November following the year end. 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 £500 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 its 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 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. Related payments received from the LSC and its successor organisations and subsequent disbursements to students are excluded from the income and expenditure account and are shown separately in note 27, 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 2012	*Year ended 31 July 2011*
	£	**£**
Recurrent grant - Main Funding Body	11,916,811	11,573,815
Releases of deferred capital grant	209,332	154,646
Income to support financing of major works - Main Funding Body	0	0
Non-Recurrent grants - Main Funding Body	95,395	23,129
	12,221,538	**11,751,590**

3. TUITION FEES AND CHARGES

	Year ended 31 July 2012	*Year ended 31 July 2011*
	£	**£**
Tuition Fees	139,963	128,684
Education Contracts	0	0
	139,963	**128,684**

4. OTHER OPERATING INCOME

	Year ended 31 July 2012	*Year ended 31 July 2011*
	£	**£**
Lettings	17,071	17,749
Shop sales / sale of equipment and books	64,287	82,747
Fees and charges	668,802	629,811
Catering Income (taken in-house wef 1 August 2011)	370,737	37,280
Other income	255,722	268,188
	1,376,619	**1,035,775**

5. INVESTMENT INCOME

	Year ended 31 July 2012	*Year ended 31 July 2011*
	£	**£**
Interest receivable	25,772	19,103
	25,772	**19,103**

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 2012	*Year ended 31 July 2011*
	No.	**No.**
Teaching Staff	151	151
Non Teaching Staff	73	87
	224	238

Staff costs for the above persons:	*Year ended 31 July 2012*	*Year ended 31 July 2011*
	£	**£**
Wages and salaries	7,044,951	7,147,083
Social security costs	488,151	475,715
Redundancy Costs	68,400	84,253
Pension costs (including FRS17 adjustments 2012 £10,000, 2011 -£30,000)	903,910	924,933
Staff costs sub total	**8,505,412**	**8,631,984**
Contracted out staffing services	132,985	49,098
	8,638,397	**8,681,082**
Exceptional item in respect of past service costs	0	0
Total staff costs	8,638,397	8,681,082

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

	Senior Post-holders		Other Staff	
	2012	2011	2012	2011
	No.	No.	No.	No.
£60,001 to £70,000	0	0	3	3
£70,001 to £80,000	0	0	0	0
£80,001 to £90,000	0	0	0	0
£90,000 to £100,000	1	1	0	0
£100,001 to £110,000	0	0	0	0
£110,001 to £120,000	0	0	0	0
£120,001 to £130,000	0	1	0	0
£130,001 to £140,000	1	0	0	0
	2	2	3	3

No cost of living award was made to either teaching and non-teaching staff.

7. EMOLUMENTS OF SENIOR POST HOLDERS

Senior post-holders are defined as the Principal 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 2012	*Year ended 31 July 2011*
The number of senior post-holders, including the Principal was	2	2
Senior post-holders' emoluments are made up as follows:		
	£	**£**
Salaries	198,501	193,256
Pension Contributions	27,989	27,108
Total emoluments	226,490	220,364

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

	Year ended 31 July 2012	*Year ended 31 July 2011*
	£	**£**
Salaries	115,568	112,865
Benefits in kind	0	0
Pension Contributions	16,295	15,914
Total emoluments	131,863	128,779

The members of the Corporation other than the Principal and staff members did not receive any payment from the college other than reimbursement of travel and subsistence expenses incurred in the course of their duties. The pension contributions in respect of the Principal 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 employees.

8. OTHER OPERATING EXPENSES

	Year ended 31 July 2012	*Year ended 31 July 2011*
	£	**£**
Teaching costs	1,194,576	1,296,001
Non teaching costs	1,426,926	1,296,190
Premises costs	863,789	441,947
Catering	228,865	0
	3,714,156	**3,034,138**

Other operating costs include:	*Year ended 31 July 2012* £	*Year ended 31 July 2011* £
Auditor's remuneration		
- external audit	13,750	13,250
- internal audit	9,850	10,265
- other services (taxation), external auditors	0	0
Loss on disposal of tangible fixed assets	0	0
Hire of plant/machinery	47,910	47,063

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

	Year ended 31 July 2012 £	*Year ended 31 July 2011* £
On bank loans, overdrafts and other loans:	239,064	229,516
Pension Finance Costs (note 16)	60,000	50,000
	299,064	**279,516**

11. TANGIBLE FIXED ASSETS

	Buildings under construction £	**Freehold Land and Buildings** £	**Equipment** £	**Total** £
Cost or valuation				
at 1 August 2011	1,186,253	16,861,215	1,991,354	20,038,822
Additions	250,810	697,702	106,047	1,054,559
Transfer	(1,186,253)	1,186,253	0	0
At 31 July 2012	**250,810**	**18,745,170**	**2,097,401**	**21,093,381**
Depreciation				
at 1 August 2011	0	5,056,918	1,773,490	6,830,408
Charge for period	0	566,776	110,266	677,042
Disposals	0		0	0
At 31 July 2012	**0**	**5,623,694**	**1,883,756**	**7,507,450**
Net book value at 31 July 2012	**250,810**	**13,121,476**	**213,645**	**13,585,931**
Net book value at 31 July 2011	1,186,253	11,804,297	217,864	13,208,414

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 £3,126,477 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 2012 £	31 July 2011 £
Trade debtors	10,729	20,179
Prepayments and other accrued income	58,148	58,815
Accrued interest	0	0
	68,877	**78,994**

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 July 2012 £	31 July 2011 £
Bank loans	586,403	455,325
Payments received in advance	189,217	195,912
Trade creditors	10,327	23,128
Other taxation and social security	162,323	161,374
Other creditors	293,182	337,271
Accruals	393,532	606,197
	1,634,984	**1,779,207**

Included within payments received in advance are amounts in relation to the EFA of £65,240 (2011: £63,603).

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

	31 July 2012 £	31 July 2011 £
Bank loans	3,879,116	4,048,152
	3,879,116	**4,048,152**

15. BORROWINGS

Bank loans and overdrafts
Bank loans and overdrafts are repayable as follows:

	31 July 2012 £	31 July 2011 £
In one year or less	586,403	455,325
Between one and two years	607,298	575,877
Between two and five years	1,855,504	1,588,160
In five years or more	1,416,314	1,884,115
Total	**4,465,519**	**4,503,477**

Bank loans totalling £4,465,519 repayable by instalments falling due between 1 August 2012 and 31 January 2022 are secured on a portion of the freehold land and buildings of the College. There are four loans, two fixed rate, 5.772% for £2,676,903, 6.115% for £562,674 and currently 1.85% above LIBOR for the other two.

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 2012 £***	***Year ended 31 July 2011 £***
Teachers Pension Scheme:contributions paid	672,495	706,719
Local Government Pension Scheme:		
Contributions paid	241,415	238,214
Non exceptional FRS 17 credit	(10,000)	(20,000)
	903,910	**924,933**
Exceptional FRS 17 past service cost credit	0	0
Total pension cost for the year	903,910	924,933

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 2010.

Contributions amounting to £113,101 (2011 - £106,985) were payable to the scheme at 31 July and are included in other creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purposes of determining contribution rates.

The pension cost is normally assessed no less than every four years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2004
Actuarial method	Prospective Benefit
Investment returns per annum	6.5% per annum
Salary scale increases per annum	5.0% per annum
Market value of assets at date of last valuation	£162,650 million
Proportion of members' accrued benefits covered by actuarial value of assets	98.88%

Following the implementation of the Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000 the Government Actuary carried out a further review on the level of employers' contributions. For the period 1 August 2011 to 31 July 2012 the employer contribution was 14.1%. The employee rate was 6.4% for the period to 31st March 2012, with rates between 6.4% and 8.8% depending on the members salary from 1st April 2012.

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 2012 was £323,015 of which employers contributions totalled £241,415 and employees contributions totalled £81,600.

The agreed contribution rates for future years are 13.1% with a fixed payment of £71,600 per annum for employers and a range from 5.5% to 7.5% for employees, depending on salary.

FRS 17

Principal Actuarial Assumptions

	as at 31 July 2012	as at 31 July 2011	as at 31 July 2010
RPI Inflation	3.1%	3.7%	3.5%
CPI Inflation	2.1%	2.8%	2.8%
Rate of increase in salaries	4.6%	5.2%	5.0%
Rate in increase of pensions	2.1%	2.8%	2.8%
Discount Rate for Liabilities	4.1%	5.3%	5.4%

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 2012 %	as at 31 July 2011 %
Retiring today/current pensioners		
Males	23.9	23.8
Females	24.9	24.8
Retiring in 20 years/future pensioners		
Males	25.6	25.6
Females	26.8	26.7

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

	Long-term rate of return expected at 31 July 2012	**Fair Value at 31 July 2012**	**Long-term rate of return expected at 31 July 2011**	**Fair Value at 31 July 2011**
Equities	7.5%	1,808,190	7.9%	1,870,720
Bonds	2.5%	965,700	3.9%	713,360
Property	7.0%	266,400	7.4%	236,800
Other Assets	7.5%	289,710	6.2%	139,120
Total Market Value of assets		**3,330,000**		**2,960,000**
Present value of scheme liabilities				
Funded		(5,830,000)		(4,780,000)
Related deferred tax liability		0		0
(Deficit) in the scheme		**(2,500,000)**		**(1,820,000)**

Amounts recognised in the income and expenditure account

	Year ended 31 July 2012 £	*Year ended 31 July 2011* £
Employer service cost (net of employee contributions)	240,000	220,000
Past service cost	0	0
Total operating charge	240,000	220,000

Analysis of pension finance income/(costs)

Expected return on pension scheme assets	200,000	190,000
Interest on pension liabilities	(260,000)	(240,000)
Pension finance cost	(60,000)	(50,000)

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

Actuarial gains/losses on pension scheme assets	(70,000)	(220,000)
Actuarial gains losses on scheme liabilities including CPI credit of £nil (2010: £470,000)	(560,000)	50,000
Actuarial loss recognised in STRGL	(630,000)	(170,000)

Movement in deficit during year

Deficit in scheme at 1 August	(1,820,000)	(1,620,000)
Movement in year:		
Current service charge	(230,000)	(220,000)
Contributions	240,000	240,000
Past service cost	0	0
Net interest/return on assets	(60,000)	(50,000)
Actuarial loss	(630,000)	(170,000)
Deficit in scheme at 31 July	(2,500,000)	(1,820,000)

Asset and Liability Reconciliation

Reconciliation of Liabilities

	31 July 2012 £	*31 July 2011* £
At 1 August	4,780,000	4,370,000
Current Service Cost	230,000	220,000
Interest Cost	260,000	240,000
Employee contributions	80,000	80,000
Actuarial loss	560,000	(50,000)
Benefits paid	(80,000)	(80,000)
Past Service Cost	0	0
At 31 July	**5,830,000**	**4,780,000**

Reconciliation of Assets

	31 July 2012 £	*31 July 2011* £
At 1 August	2,960,000	2,750,000
Expected return on assets	200,000	190,000
Actuarial gain/(loss)	(70,000)	(220,000)
Change in asset valuation	0	0
Employer contributions	240,000	240,000
Employee contributions	80,000	80,000
Benefits paid	(80,000)	(80,000)
At 31 July	**3,330,000**	**2,960,000**

The estimated value of the employer contributions for the year ended 31 July 2013 is £280,000.

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

	2012	2011	2010	2009	2008
	£	£	£	£	£
Experience adjustments on share of scheme assets:	(70,000)	(220,000)	200,000	(350,000)	(550,000)
Experience adjustments on scheme liabilities:	(560,000)	50,000	(310,000)	(410,000)	460,000
Total amount recognised in STRGL	(630,000)	(170,000)	(110,000)	(760,000)	(90,000)

17. DEFERRED CAPITAL GRANTS - MAIN FUNDING BODY

		TOTAL
	£	£
At 1 August 2011		
Land and Buildings	2,645,907	2,645,907
Equipment	59,705	59,705
Cash received		
Land and Buildings	1,326,598	1,326,598
Equipment	0	0
Released to income and expenditure account		
Land and Buildings	(209,332)	(209,332)
Equipment	0	0
At 31 July 2012		
Land and Buildings	**3,763,173**	**3,763,173**
Equipment	**59,705**	**59,705**
Total	**3,822,878**	**3,822,878**

18. REVALUATION RESERVE

	31 July 2012	*31 July 2011*
	£	*£*
At 1 August	2,252,895	2,351,374
Transfer from revaluation reserve to income and expenditure account in respect of depreciation on revalued assets.	(98,479)	(98,479)
Loss on Disposals	0	0
At 31 July	**2,154,416**	**2,252,895**

19. MOVEMENT ON GENERAL RESERVES

	31 July 2012	*31 July 2011*
	£	*£*
Income and expenditure account reserve		
At 1 August	3,484,434	3,283,729
Transfer from revaluation reserve to income and expenditure account	98,479	98,479
Actuarial loss on pension liability	(630,000)	(170,000)
Surplus on continuing operations after depreciation of assets at valuation and tax	435,233	272,226
At 31 July	**3,388,146**	**3,484,434**
Balance represented by:		
Pension reserve	(2,500,000)	(1,820,000)
Income and expenditure account reserve excluding pension reserve	5,888,147	5,304,434
At 31 July	**3,388,147**	**3,484,434**

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

	Year ended 31 July 2012 £	*Year ended 31 July 2011* £
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation and tax	435,233	272,226
Depreciation	677,042	668,190
Deferred Capital Grant (note 18)	(209,332)	(154,645)
FRS 17 Pension cost less contributions payable (note 17)	(10,000)	(20,000)
FRS 17 Pension finance cost (note 11)	60,000	50,000
(Increase)/decrease in stock	228	(2,568)
Interest payable	239,064	229,516
(Decrease)/increase in debtors	10,117	65,975
Increase/(decrease) in trade creditors	(12,801)	(162,068)
(Decrease)/increase in tax and pension contributions	949	(9,135)
Increase/(decrease) in payments on account	(6,695)	96,084
Increase/(decrease) in other liabilities	(256,754)	(329)
Interest receivable (note 5)	(25,772)	(19,103)
Net cash inflow from operating activities	**901,279**	**1,014,143**

21. ANALYSIS OF CHANGES IN CASH FLOWS

Analysis of changes in net funds/(debt)	*31 July 2011* £	*Cash flows* £	*31 July 2012* £
Cash at bank and in hand	2,789,483	922,069	3,711,552
	2,789,483	922,069	3,711,552
Debt due within 1 year	(455,325)	(131,078)	(586,403)
Debt due after 1 year	(4,048,152)	169,036	(3,879,116)
Total	(1,713,994)	960,027	(753,967)

22. CAPITAL COMMITMENTS

The College has capital commitments of £135,461 as at 31 July 2012 for on-going refurbishment work on the Hampshire Wing and the creation of a new Multi Use Games Area.

A total of £153k worth of orders were raised in July 2012 for delivery in August 2012, 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 2012 the college had annual commitments under non-cancelable operating leases as follows:

	31 July 2012 £	*31 July 2011* £
Other		
Expiring within one year	0	3,052
Expiring between two and five years inclusive	47,910	34,631
Expiring in over five years	0	0
	47,910	**37,683**

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 transactions were identified which should be disclosed under Financial Reporting Standard 8 Related Party Disclosures.

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 2012 £***	***Year ended 31 July 2011 £***
LSC grants - hardship funds	108,072	23,268
Disbursed to Students	93,274	21,952
Administration Costs	5,404	1,164
Balance unspent as at 31 July	**9,394**	**152**

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 Report to the Corporation of Barton Peveril Sixth Form College ('the Corporation') and the Secretary of State for Education acting through the Education Funding Agency

In accordance with the terms of our engagement letter dated 2 April 2007 and further to the requirments 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 2012 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 Secretary of Stae for Education acting through the Education Funding Agency. Our review work has been undertaken so that we might state to the Corporation and the Secretary of State for Education acting through the Education Funding Agency those matteres we are required to state to them 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 Secretary of State for Education acting through 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 Barton Peveril College Sixth Form 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 are 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 revised Joint Audit Code of Practice (Part1) issued jointly by the Skills Funding Agency and the Young People's Learning Agency and the Audit Code of Practice and Regularity Audit Framework 2006/07 issued by the LSC. We report to you whether, in our opinion, in all material respects, the College's expenditure disbursed and income received for the year ended 31 July 2012 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 Joint Audit Code of Practice (Part1) issued jointly by the Skills Funding Agency and the Young People's Learning Agency and the Audit Code of Practice and the Regularity Audit Framework 2006/04 issued by LSC. 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 for the year ended 31 July 2012 have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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