THE SIXTH FORM COLLEGE FARNBOROUGH

Audited Annual Report and Accounts 2016

Learn. Enjoy. Achieve

Key Management Personnel, Board of Governors and Professional Advisers

Key management personnel

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

Simon Jarvis Principal and CEO; Accounting officer
Gordon Dodds Deputy Principal Finance and Administration
Catherine Cole Deputy Principal Student Services
Vince Scannella Deputy Principal Curriculum and Innovation

Board of Governors

A full list of Governors is given on page 13 of these financial statements.

Mrs A Venner acted as Clerk to the Corporation throughout the period.

Professional advisers

Financial Statements auditors and reporting accountants:
Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Internal Auditors:
Mazars
Tower Bridge House
St Katharine's Way
London
E1W 1DD

Bankers:
Lloyds TSB Plc

Solicitors:
Paris Smith
Number 1 London Road
Southampton
Hampshire
SO15 2AE

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Members' Report

NATURE, OBJECTIVES AND STRATEGIES:

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

1 Legal status

1.1 The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting The Sixth Form College Farnborough. In December 2009, the Corporation resolved that the College should be designated as a sixth form college under Section 33A of The Apprenticeships, Skills, Children and Learning Act, 2009. The College is an exempt charity for the purposes of the Charities Act 2011.

2 Mission

2.1 The Mission, reaffirmed by the Corporation, is:

to be a distinguished provider of the highest quality education, enriching the lives of students within a lively, caring community and enabling all to develop the skills to meet the demands of a changing world with confidence.

3 Public benefit

3.1 The Sixth Form College Farnborough is an exempt charity under Part 3 of the Charities Act 2011 and from 1 September 2013, is regulated by the Secretary of State for Education.

3.2 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. The delivery of public benefit is covered throughout the Members' Report.

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

- very high quality teaching;
- widened participation and tackling social exclusion;
- an excellent employment record for students;
- very strong student support systems;
- strong links with employers, industry and the community;
- high value for money; and
- excellent leisure, recreational and other facilities available for community use.

4 Implementation of the Strategic Development Plan

4.1 In March 2014, the Corporation approved an updated three-year Development Plan, 'a mixed economy'. The plan emerged from a review and evaluation of the previous plan in the light of the Government's Comprehensive Spending Review (CSR) in November 2010. The Plan has been reviewed annually by the Principalship and Corporation.

4.2 The College has a single corporate objective which is: *to improve students' achievements*. It has adopted five broad key strategic aims, reaffirmed in February 2014:

- SA.1 Excellence in teaching and learning
- SA.2 Excellent care, guidance and support for all students
- SA.3 An attractive and engaging learning environment
- SA.4 A strong financial footing in a turbulent funding environment
- SA.5 Partnership with the outside world

5 Performance indicators

5.1 The success rates for the year 2015-16 were:

- AS subjects: 88.0% (89% in 2015)
- A2 subjects: 97.2% (96.9% in 2015)
- College overall: 91.3.0% (92% in 2015)

5.2 The learners' destinations for the 2015-16 cohort are as follows:

- Higher Education: 65% (57.5% in 2015)
- Further education: n/a (4.2% in 2015)
- Employment: n/a (3.7% in 2015)
- Unknown: 35% (34.6% in 2015)

5.3 The College is committed to observing the importance of the measures and indicators for the completion of the annual Finance Record for the Education Funding Agency (EFA). The EFA rating of 'Outstanding' for 2015-16 was in line with our self-assessment judgement.

FINANCIAL POSITION

6 Financial results

The College made an operational surplus for the year of £1.7m (before the LGPS adjustments) against the budget surplus of £1.3m. This was due to a reduction in expenditure from £16.1m budgeted to £15.7m. This included saving in salaries of £110k, Premises cost of £160k, Curriculum costs of £100k, and Administration and Central costs of £50k. This reflects the College policy of constantly reviewing costs, tendering for best price or better value for money and seeking more beneficial rates for any contract renewals. Income was overall on target at £17.4m.

Cash balances rose from £1.45m to £3.49m. Fixed assets decreased slightly from £24.9m to £24.5m after a depreciation charge of £1.0m though overall Reserves (excluding the LGPS Provision) increased from £20.1m to £22.0m.

Fixed assets are split with £23.6m for Land and Buildings and £945k for 'other' fixed assets. Land and buildings are shown at original cost price or construction costs. The College policy is not to revalue these for College accounts but values are uplifted for insurance purposes each year.

The College will continue to be almost wholly dependent on the EFA for funding its provision and for 2015/16 this was 94% of the Colleges' total income.

6.1 Financial targets and achievements.

Targets were set before the new FRS 102 and SORP15 requirements were fully established. These new regulations mean staff holiday pay for August has to be included as an accrual for accounts dated 31 July. The impact of this is that the 'current ratio' figure is significantly reduced so that this target under the new requirements was not met. However, the following table shows the targets and their achievement under the old requirements and under the new requirements excluding any LGPS adjustments.

Target	Achievements Old requirements	Achievements New requirements
1. An operational surplus of £1.3m minimum	£1.7m	£1.7m
2. A positive operational cash flow of £2.2m minimum	£2.7m	£2.7m
3. 60 cash days in hand	81	81
4. Current ratio of at least 2.5:1	2.9: 1	1.86: 1

Targets for 2016/17 are shown below and take account of the new regulations.

1. An operational surplus of £1.5m minimum
2. A positive operational cash flow of £2.25m minimum
3. 100 cash days in hand
4. Current ratio of at least 2.5:1

The College has the benefit of Funding Protection for 3 more years and is seeking to maximise the annual surplus and increase cash reserves for future developments. There are currently no specific capital grants for sixth form colleges and should the College convert to an academy, the position of capital grants which the College could apply for is unclear at the moment.

6.2 Treasury policies and objectives

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

The College has a separate treasury management policy in place. 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 Financial Memorandum with the EFA.

6.3 Cash flows and liquidity

Operational cashflow of £2.7m increased the cash balance to £3.49m. Operational cashflow for 2016/17 will also be significantly positive so no borrowing or short-term finance is expected to be needed in the foreseeable future to achieve the College's strategic objectives.

The only major development proposed is the conversion of the redundant Design Technology workshop into a lecture theatre and this can be funded from the College's own reserves and cash balances.

7 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 2015 to 31 July 2016, the College estimates that it paid at least 97% of its invoices within 30 days and is mindful of paying smaller suppliers earlier where possible. The College incurred no interest charges in respect of late payment for this period.

8 Current and future development and performance

8.1 Student numbers

The College financial forecasts for 2017-2018 were based on expected enrolments as at November 2016 and this was 3,600 full time students. Enrolment and retention was higher than expected so the College was able to return a figure of 3,713 for the November count date. Allowing for some of these to reduce to possible part time students, funding for 2017-18 should now be based on about 3,700 FTE students - giving an extra £400k which should directly improve the financial performance for the year.

8.2 Student achievements

The Corporation is proud of the achievements of students at the College, and of the enthusiastic commitment of a dedicated, skilled staff. It is pleased with the outcome of the 2016 examinations which, at 99.2% for A2, is higher than was achieved by College students in 2015 (98.8%). Results at AS were also maintained at a high level (92.6%).

8.3 The College's value-added results were analysed by the independent A level Performance System (ALPS) at both AS and full A level (A2). The value-added achievements at A2 placed the College in the upper 10% (grade 2) as did the AS results (grade 2).

8.4 Curriculum developments

Overall, the balance of the curriculum has been unaffected by the new and planned courses, with the majority of teaching still being at Advanced level (level 3). The College is committed to retaining the breadth and depth of provision upon which its reputation has been built, and it now offers over 50 different level 3 courses. However, recent changes to A levels coupled with the reduction in funding are likely, over time, to have a significant impact upon student choice. The College will keep its curriculum offer under scrutiny in the face of emerging developments.

8.5 In addition to the examined curriculum, the College continues to provide students with appropriate high-quality, expert support and guidance through the Personal Tutor system. Funding for this aspect of College work has been significantly cut by the EFA, as has funding for extra-curricular activities. The decision to reinforce the commitment to include provision of a broad, rich experience for the student body is consonant with the College Mission.

8.6 The tutorial programme and its delivery will be subject to some revision but a full programme of enrichment activities - sport, performing arts and music being pre-eminent among them - will be offered to all students in the year ahead.

8.7 The College Accommodation Strategy has been reviewed recently and the focus is on revising existing accommodation to meet the changing mix of courses as the majority of students move from a four to a three course programme of study.

9 Resources

9.1 The principal resources at the College are a gifted teaching and support staff, excellent buildings and inspirational teaching materials. The College employed 315 staff giving a full time equivalent number of 267 of which 171 were teaching staff and 96 were administration and support staff.

9.2 Tangible resources include the College site with its versatile theatre, all-weather floodlit pitch and two large, flexible sports halls. In addition the College has a substantial IT network of almost 2,000 PCs with supporting server hardware.

9.3 The College has reserves of £18.5m after allowing for the pension liability on the Local Government Pension Scheme of £3.55m (administered by Hampshire County Council). The College has net current assets of £1.6m and a cash balance of £3.49m. The College owns two nearby residential properties which are included in Reserves at their total purchase prices of £560k whereas current market prices would total about £850k, giving a further undisclosed reserve of £290k.

9.4 The College has an outstanding reputation locally and nationally which it seeks to maintain and to develop further; it believes there is no reason why any other school or college in the independent or the state sector should provide education of higher quality.

10 Principal risks and uncertainties

10.1 The College regularly reviews the systems of internal control, including financial, operational and risk management, which are designed to protect the College's assets and reputation. Based on the strategic Development Plan, the Principalship undertakes a comprehensive annual review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions.

10.2 A risk register is maintained at the College level which is reviewed by the Corporation. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the detailed actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system; a system of board assurance to improve accountability and risk management has been implemented.

10.3 The principal risk factors, identified in January 2016, which may affect the College are not all within the College's control; other factors not listed here may also have an adverse impact:

10.3.1 Inadequate and falling revenue in light of continuing economic crisis

This risk is mitigated in a number of ways including:

- investing in maintaining close relationships with funding bodies;
- lobbying policy makers to influence funding decisions;
- expanding alternative sources of funding;
- prudent budgeting to reduce costs.

10.3.2 Turbulence caused by changes to Government education policy

This risk is mitigated in a number of ways including:

- lobbying via the Sixth Form Colleges' Association, Association of Colleges, Maple Group and local connections;
- active presence in partner and link schools;
- high visibility and positive profile in community;
- curriculum plans amended; majority of cohort on 3 not 4 subjects.

10.3.3 Negative impact on whole College resulting from closer strategic partnerships with other educational organisations

This risk is mitigated in a number of ways including:

- Governors' steering group actively engaged in assessing strategic options;
- Governors briefed on options;
- constructive conversations with several local schools;
- participation in the Area Based Review.

10.3.4 Reputation falls

This risk is mitigated in a number of ways including:

- parents informed should further strike action be taken by teaching unions;
- results analysed by ALPS;
- close analysis of results annually;
- robust Self Assessment Report (SAR); performance scrutinised at Quality Day; reported to Corporation;
- pass rate maintained at high level (in 2016: 99.2%);
- maintaining an active community presence.

10.3.5 Negative impact on recruitment in face of increased competition for fewer 16-18 year old students

This risk is mitigated in a number of ways including:

- monitor applications closely including review of indicative entry post-Getting Ready days.
- College profile raised through effective PR and marketing activities;
- Admissions Policy reviewed annually;
- successful Open Days;
- Transition Evenings for parents of new students.

11 Stakeholder relationships

11.1 In line with other colleges and with universities, the College has many stakeholders. These include: our students and their parents; the EFA; our staff; the local community; partner and link schools; local employers; Local Authorities; the M3 Local Enterprise Partnership (LEP); Rushmoor and Hart Borough Councils and trade unions and professional bodies.

11.2 The College recognises the importance of these relationships and considers good communication with its stakeholders to be vital. A Joint Staff Group exists to enable issues relating to staff employment to be raised. Regular updates from Principalship to staff, supported by whole-College briefings, are a feature of College life. In addition, regular newsletters are sent electronically to parents and students; the local media frequently report College news stories, social media and the website are important means of communicating with the community. There are two staff governors, two parent governors and two student governors.

12 Equality of opportunity

12.1 The College is committed to ensuring equality of opportunity for all who learn and work in it. The policy on Equality and Diversity will continue to be published on the website.

12.2 The College has a published Charter outlining the entitlement of students. It contains challenging targets and commitments for both staff and students.

13 Employment of disabled persons

13.1 The College considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled every effort will be made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion that are, as far as possible, identical to those for other employees.

13.2 The College seeks to achieve the objectives set down in the Equality Act, 2010. In June 2010, the College was pleased to secure the prestigious 'Two Ticks' award, in public recognition of the positive approach taken towards disabled persons.

14 Auditors

The requirement to have separate external and internal auditors was removed by the Education Funding Agency from 1 August 2012. However, the Corporation considers it best practice to maintain separate firms for these audit functions and will continue to do so for the foreseeable future.

15 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 5 December 2016 and signed on its behalf by:

Andrew Needham
Chair of the Corporation

16 Statement of Corporate Governance and Internal Control

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

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);
- with awareness of the guidance to colleges from the Association of Colleges in The English Colleges' Foundation Code of Governance ("the Foundation Code"); and
- having due regard to the UK Corporate Governance Code 2014 insofar as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance. 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 relevant to the further education sector and best practice.

16.2 In the Governors' opinion, the College complies with all the provisions of the Foundation Code, and it has complied throughout the year ended 31 July 2016. The Corporation has not adopted the Foundation Code, however when considering it, recognised that it does comply with most areas. The Corporation 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.

16.3 The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

The Corporation

16.4 The members who served on the Corporation during the year and up to the date of signature of this report were as listed on page 13. This includes attendance at Corporation meetings.

Name	Date of first Appointment	End of Term	Governor Category	Committees Served*				% Corp Att **
				AR	FSE	PQ	SR	
Mr A Needham Chairman	Mar 2005	Sept 2020	Independent		✔	✔	✔	100
Mr P Eyre Vice-Chair	May 1997	Sept 2018	Independent			Ch	✔	100
Mrs Dawn Arnold	Oct 2014	Sept 2018	Staff		✔			100
Mr W Bagnall	Jan 1996	Sept 2018	Independent		Ch			100
Mr Jack Bennett	Apr 2016	Apr 2017	Student		✔			100
Ms E Cunningham	May 2013	Apr 2017	Independent		✔		✔	50
Mr S Jarvis	Sept 2010	Ex Officio	Principal		✔	✔	✔	100
Mrs M KC	Dec 2014	Nov 2018	Independent		✔			75
Mr A Majury	Nov 2011	Dec 2019	Independent	Ch				75
Mr B O'Reilly	Nov 2012	Oct 2020	Independent		✔			75
Mrs S Potter	Dec 2014	Nov 2016	Parent		✔			75
Ms J Smithson	Dec 2015	Nov 2017	Parent	✔		✔		100
Mr S Tadewos	April 2016	April 2017	Student			✔		100
Mr A Tidd	Nov 2010	Oct 2018	Independent	✔		✔		75
Mr G Trigg	Dec 2008	Sept 2017	Independent		✔		✔	75
Mrs T Willcocks	Oct 2010	Sept 2017	Independent			✔		75
Mr N Wooldridge	Oct 2012	Sept 2020	Staff			✔		100
Mr A Lloyd	June 2004	Dec 2020	Co-Opted				Ch	N/A
Mrs A Venner	Jan 2011		Clerk					100
Governors Leaving during 2015 - 2016								
Mrs P Chan	Sept 1996	Sept 2016	Independent	Ch				50
Mr C Crumpton	April 2015	April 2016	Student		✔			100
Mrs R Harrison	Dec 2013	Nov 2015	Parent	✔		✔		100
Miss K Obongonyinge	April 2015	April 2016	Student			✔		50

***Committees**

Governors may have switched committees, and will not necessarily have been serving on all those indicated at the same time.

**** % Corp Att**

Attendance at Corporation meetings

AR - Audit and Risk	PQ – Performance and Quality
FSE – Finance, Strategy and Estates	SR – Search and Remuneration
Ch – Chair	

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

16.6 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 four times per year.

16.7 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 Finance, Strategy and Estates, Performance and Quality, Search and Remuneration, Audit and Risk. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website at **www.farnborough.ac.uk** or from the Clerk to the Corporation at: The Sixth Form College Farnborough, Prospect Avenue, Farnborough, Hampshire GU14 8JX.

16.8 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.

16.9 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.

16.10 Formal agendas, papers and reports are made available to Governors in a timely manner, on a secure Governor website, prior to Corporation meetings. Briefings are provided on an ad hoc basis.

16.11 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.

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

17 Appointments to the Corporation

17.1 Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Remuneration Committee comprising five Corporation members and an external independent chair. It is responsible for the selection and nomination of all non-elected new members for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

17.2 Members of the Corporation are appointed for a term of office not exceeding four years.

18 Corporation performance

18.1 The annual self-assessment of the Corporation's performance took place in September 2016. Governors graded their understanding of Governance, accountability of Principalship, conduct of meetings and information received in the agenda, and minutes as 3.7 out of 4 (3.6 in 2015).

18.2 Governors evaluated the proceedings of the committee(s) they sat on during the year to obtain an overview of their views as to whether sufficient information is provided to carry out their role effectively. Committees were graded out of 4 as follows:

- Audit and Risk: 4,
- Performance and Quality: 3.9,
- Finance, Strategy and Estates: 3.3,
- Search and Remuneration: 3.4.

- Overall committees were graded 3.7 (3.6 in 2015).

18.3 The results were reviewed by the Chair of the Corporation and Clerk, and a summary to address areas of uncertainty produced and reported at the Performance and Quality Committee in November and the Corporation meeting in December.

19 Audit and Risk Committee

19.1 Throughout the year ending 31 July 2016, the College's Audit and Risk Committee was comprised of those members listed on page 13.

19.2 The Audit and Risk Committee comprises four members of the Corporation (excluding the Accounting Officer and Chair). The Committee operates in accordance with written terms of reference approved by the Corporation.

19.3 The Audit and Risk Committee meets up to 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.

19.4 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 and Risk Committee.

19.5 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.

19.6 The Audit and Risk 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 as well as reporting annually to the Corporation.

20 Finance, Strategy and Estates Committee

20.1 Throughout the year ending 31 July 2016, the College's Finance, Strategy and Estates Committee was comprised of those members listed on page 13.

20.2 The Committee advises the Corporation on the educational character and mission of the College, the effective and efficient use of resources and the development of College estate. It advises on the appointment of consultants and contractors to carry out building projects and oversee their implementation, and monitors work carried out with funding received from grants.

20.3 A Working Party was set up during the year to evaluate the information received from the Area Based Review, and to discuss the option of converting to an Academy and forming a Multi-Academy Trust.

21 Performance and Quality Committee

21.1 Throughout the year ending 31 July 2016, the College's Performance and Quality Committee was comprised of those members listed on page 13.

21.2 The Performance and Quality Committee provides an important forum for discussion of curriculum issues. The Committee monitors achievement within the College. It determines the targets for retention and achievement within the policies agreed to promote continuous improvement.

22 Search and Remuneration Committee

22.1 Throughout the year ending 31 July 2016, the College's Search and Remuneration Committee was comprised of those members listed on page 13.

22.2 The Committee's responsibilities are to make recommendations to the Corporation on the remuneration and benefits of the Principal and other senior post-holders, and to advise the Corporation on the framework for other staff. The Committee is also responsible for setting up "Special Committees" as required and Appointments to the Corporation as detailed in 17.1.

22.3 Details of remuneration for the year ended 31 July 2016 are set out in note 7 to the financial statements.

23 Internal control

Scope of responsibility

23.1 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.

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

24 The purpose of the system of internal control

24.1 The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the College for the year ended 31 July 2016 and up to the date of approval of the annual report and accounts.

25 Capacity to handle risk

25.1 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 2016 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

26 The risk and control framework

26.1 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 Corporation;

- regular reviews by the Corporation 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; and
- the adoption of formal project management disciplines, where appropriate.

26.2 The 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.

26.3 The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit and Risk Committee. At minimum annually, the Head of Internal Audit (HIA) provides the Corporation 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.

27 Review of effectiveness

27.1 As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. The Principal's review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors;
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the College's financial statements auditors and regularity auditors in their management letters and other reports.

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

27.3 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 and Risk Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit and Risk 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 and Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2016 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2016 by considering documentation from the Senior Management Team and internal audit, and taking account of events since 31 July 2016.

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

28 Going concern

28.1 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 5 December 2016 and signed on its behalf by:

Andrew Needham	**Simon Jarvis**
Chair of the Corporation	**Accounting Officer**

Corporation'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 EFA of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the financial memorandum in place between the College and the EFA. 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, the Corporation believes it is able to identify any material irregular or improper use of funds by the College, or material non-compliance with the EFA'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 EFA.

Simon Jarvis	**Andrew Needham**
Accounting Officer	**Chair of the Corporation**
Date:	**Date:**

Statement of Responsibilities of the Members of the Corporation

The members of the Corporation are required to present audited financial statements for each financial year.

Within the terms and conditions of the Financial Memorandum agreed between the EFA and the Corporation of the College, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the *2015 Statement of Recommended Practice – Accounting for Further and Higher Education* and with the *College Accounts Direction 2015 to 2016* 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; and
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

The Corporation is also required to prepare a Member's 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 5 December 2016 and signed on its behalf by:

Andrew Needham

Chair of the Corporation

Independent auditor's report to the Corporation of The Sixth Form College Farnborough

We have audited the financial statements of the Sixth Form College Farnborough for the year ended 31 July 2016 set out on pages 25 to 52, which comprise the statement of comprehensive income, the statement of changes in reserves, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes. 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), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the Corporation, as a body, in accordance with the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation 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 College and the Corporation as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Corporation of The Sixth Form College Farnborough and Auditor

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 20, the Corporation are 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 Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or 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 2016 and of the College's surplus of income over expenditure for the year then ended.

Matters on which we are required to report by exception

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

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns;
- all the information and explanations required for the audit were not received.

Buzzacott LLP
Chartered Accountants and Registered Auditor
130 Wood Street
London
EC2V 6DL

Date:

Reporting accountant's assurance report on regularity to the Members of the Corporation of The Sixth Form College Farnborough ("the Corporation") and the Secretary of State for Education acting through Education Funding Agency

In accordance with the terms of our engagement letter dated 2 August 2016 and further to the requirements of the funding agreement with Education Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by the Sixth Form College Farnborough during the period 1 August 2015 to 31 July 2016 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

Respective responsibilities of the Sixth Form College Farnborough and the reporting accountant

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

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

Approach

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

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the College's activities;
- Further testing and review of the College's self-assessment questionnaire including enquiry, identification of control processes, and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

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

Signed:

Date:

Buzzacott LLP
Chartered Accountants and Registered Auditor
130 Wood Street
London
EC2V 6DL

The Sixth Form College Farnborough

Financial Statements for the year ended 31 July 2016

Statement of Comprehensive Income

	Notes	2016	Restated 2015
		£'000	£'000
INCOME			
Funding body grants	2	16,404	16,110
Tuition fees and education contracts	3	26	28
Other income	4	949	935
Investment income	5	6	4
Donations and endowments	6	34	54
Total income		**17,419**	**17,131**
EXPENDITURE			
Staff costs	7	11,300	11,330
Fundamental restructuring costs	7	81	159
Other operating expenses	8	3,255	3,741
Depreciation	11	1,017	1,005
Interest and other finance costs	9	94	22
Total expenditure		**15,747**	**16,257**
Surplus before other gains and losses		**1,672**	**874**
Surplus on disposal of assets		8	-
Surplus for the year		**1,680**	**874**
Actuarial loss in respect of pension schemes	21	(1,010)	(210)
Total comprehensive income for the year		**670**	**664**
Represented by:			
Restricted comprehensive income		-	-
Unrestricted comprehensive income		670	664
		670	**664**

The Sixth Form College Farnborough
Financial Statements for the year ended 31 July 2016

Statement of Changes in Reserves

	Income and Expenditure Reserve	Revaluation Reserve	Total
	£'000	**£'000**	**£'000**
Restated Balance as at 1 August 2014	13,839	3,278	17,117
Surplus from income and expenditure account	874	-	874
Other comprehensive income	(210)	-	(210)
Transfers between revaluation and income and expenditure reserves	78	(78)	-
Balance as at 31 July 2015	**14,581**	**3,200**	**17,781**
Surplus from income and expenditure account	1,680	-	1,680
Other comprehensive income	(1,010)	-	(1,010)
Transfers between revaluation and income and expenditure reserves	78	(78)	-
Balance as at 31 July 2016	**15,329**	**3,122**	**18,451**

Balance Sheet as at 31 July

	Notes	2016	Restated 2015
		£'000	£'000
Non-current assets			
Tangible fixed assets	11	24,518	24,869
Total non-current assets		**24,518**	**24,869**
Current assets			
Stocks		24	31
Trade and other receivables	12	24	29
Cash and cash equivalents		3,485	1,454
Total current assets		**3,533**	**1,514**
Less: Creditors – amounts falling due within one year	13	(1,898)	(1,933)
Net current assets (liabilities)		**1,635**	**(419)**
Total assets less current liabilities		**26,153**	**24,450**
Creditors - amounts falling due after one year	14	(4,100)	(4,226)
Provisions			
Defined benefit obligations	16	(3,550)	(2,390)
Other provisions	16	(52)	(53)
Total net assets		**18,451**	**17,781**
Unrestricted Reserves			
Income and expenditure reserve		15,329	14,581
Revaluation reserve		3,122	3,200
Total unrestricted reserves		**18,451**	**17,781**

The financial statements on pages 25-52 were approved by the Corporation on 5 December 2016 and were signed on its behalf on that date by:

Andrew Needham
Chair of the Corporation

Simon Jarvis
Principal and Chief Executive

The Sixth Form College Farnborough
Financial Statements for the year ended 31 July 2016

Consolidated Statement of Cash Flows

	2016	2015
	£'000	£'000
Cash inflow from operating activities		
Surplus for the year	670	664
Adjustments for non-cash items		
Depreciation	1,017	1,005
Decrease in stock	7	(2)
Decrease in debtors	5	23
(Decrease) / Increase in creditors due within one year	(35)	70
(Decrease) / Increase in creditors due after one year	(126)	225
Decrease in provisions	(1)	(7)
Increase in Pension provison	1,160	320
Adjustments for investing or financing activities		
Investment income	(6)	(4)
Interest & charges payable	14	22
Surplus on sale of fixed asset	(8)	-
Net cash flow from operating activities	**2,697**	**2,316**
Cash flows from investing activities		
Proceeds from sale of fixed assets	8	-
Investment Income	6	4
Payments made to acquire fixed assets	(666)	(2,347)
	(652)	**(2,343)**
Cash flows from financing activities		
Interest paid	(14)	(22)
	(14)	**(22)**
Increase / (decrease) in cash and cash equivalents in the year	**2,031**	**(49)**
Cash and cash equivalents at the beginning of the year	**1,454**	**1,503**
Cash and cash equivalents at the end of the year	**3,485**	**1,454**

Notes to the Financial Statements

1. Statement of accounting policies and estimation techniques

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

Basis of preparation

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

Transition to the 2015 FE HE SORP

The College is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the College has amended certain accounting policies to comply with FRS 102 and the 2015 FE HE SORP. The Corporation have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

An explanation of how the transition to the 2015 FE HE SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the College is provided in note 24.

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

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

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

1. Statement of accounting policies and estimation techniques (continued)

Basis of accounting

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

Going concern

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

The College has no borrowing and none is expected to be needed in the near future. The College's forecasts and financial projections indicate that it will be able to operate with a strong cash position for the foreseeable future.

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

Recognition of income

Government revenue grants include EFA recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are received monthly over the year as per the schedule of payments advised in advance by the funding body.

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 audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments or clawback. No other recurrent grants are received.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

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

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

1. Statement of accounting policies and estimation techniques (continued)

Accounting for post-employment benefits

Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit plans, which are externally funded and contracted out of the State Second Pension.

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and 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 plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other comprehensive income.

Short term Employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

Enhanced Pensions

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

1. Statement of accounting policies and estimation techniques (continued)

Non-current Assets - Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. No fixed assets have been revalued for accounting purposes but are reassessed for insurance purposes annually.

Land and buildings

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

- New construction– 50 years
- Prefabricated and Modular units– 20 years
- Refurbishments – 20 -50 years

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 20 and 50 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors, and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

Assets under construction

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

Subsequent expenditure on existing fixed assets

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

Equipment

Equipment costing less than £5,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

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

- Electrical and computer equipment 4 years
- Laptops and PC's 2 years
- Motor vehicles 5 years
- Other equipment between 7 -10 years
- Furniture, fixtures and fittings 10 years

1. Statement of accounting policies and estimation techniques (continued)

Heritage Assets

Buildings inherited from the Local Authority are depreciating over 50 years from the date of acquisition and will not be revalued. Land inherited from the Local Authority is not being depreciated and will not be revalued.

Inventories

Inventories are stated at their cost and are not revalued. Where necessary, provision is made for obsolete, slow-moving and defective items which are written off.

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Financial liabilities and equity

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

All short term deposits held by the College are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost.

Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to income in the period in which they arise.

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College has no exemption in respect of Value Added Tax apart from a VAT reduction to 5% on energy costs.

1. Statement of accounting policies and estimation techniques (continued)

Provisions and contingent liabilities

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

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

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

Agency arrangements

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group’s tangible assets.

1. Statement of accounting policies and estimation techniques (continued)

Other key sources of estimation uncertainty

- *Tangible fixed assets*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 July 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Funding Body Grants

	2016	2015
	£'000	£'000
Recurrent Grants		
Education Funding Agency	16,169	15,902
Specific grants		
Releases of government capital grants	126	118
Devolved capital grant	99	84
Other Grants	10	6
Total	**16,404**	**16,110**

3 Tuition Fees and Education Contracts

	2016	2015
	£'000	£'000
Tuition fees for non qualifying activities	26	28
Total fees paid by or on behalf of individual students	**26**	**28**

4 Other Income

	2016	2015
	£'000	£'000
Residencies, catering and conferences	57	57
Other income generating activities	892	878
Total	**949**	**935**

5 Investment Income

	2016	2015
	£'000	£'000
Other interest receivable	6	4
Total	**6**	**4**

6 Donations

	2016	2015
	£'000	£'000
Unrestricted donation (Gift Aid)	34	54
	34	**54**

7 Staff Costs

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

	2016	2015
	No.	No.
Teaching staff	171	174
Non teaching staff	96	96
Total	**267**	**270**

Staff costs for the above persons:	2016	Restated 2015
	£'000	£'000
Wages and salaries	9,080	9,353
Social security costs	691	625
Other pension costs	1,423	1,274
Miscellaneous	106	78
Payroll sub total	**11,300**	**11,330**
Fundamental restructuring costs - Contractual	81	159
- Non Contractual	-	-
Total staff costs	**11,381**	**11,489**

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Pincipalship which comprises of the Principal and three Deputy Principals.

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

	2016 Number	2015 Number
The number of key management personnel including the Accounting Officer was:	**4**	**4**

The number of key personnel who received annual emoluments , excluding pension contributions but including benefits in kind in the following range was:

	2016 Number	2015 Number
£ 70,001 to £ 80,000	3	3
£110,001 to £120,000	-	1
£130,001 to £140,000	1	-
	4	**4**

No other staff apart from the key management personnel earned more than £60,000 during the year.

7 Staff Costs (continued)

Key management personnel emoluments are made up as follows:

	2016	2015
	£'000	£'000
Salaries	371	342
Benefits in kind	4	2
	375	**344**
Pension contributions	55	47
Total emoluments	**430**	**391**

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

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

	2016	2015
	£'000	£'000
Salary	137	117
Benefits in kind	1	1
	138	**118**
Pension	**19**	**17**

No compensation was paid to any key management personnel for loss of office during the year.

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

8 Other Operating Expenses

	2016	2015
	£'000	£'000
Teaching costs	1,353	1,405
Non teaching costs	900	1,043
Premises costs	1,002	1,293
Total	**3,255**	**3,741**

Other operating expenses include:

	2016	2015
	£'000	£'000
Auditors' remuneration:		
-financial statements audit	18	16
-internal audit	10	17
Other services provided by internal auditor:		
-due diligence report on abandoned merger project	9	-
Total	**37**	**33**

9 Interest and Other Finance Costs

	2016	2015
	£'000	£'000
On bank loans, overdrafts and other loans:	14	12
	14	12
Pension finance costs (note 24)	80	10
Total	**94**	**22**

10 Taxation

No tax liability was incurred on any income during the period.

11 Tangible Fixed Assets

Cost or valuation	Freehold Land & Buildings £'000	Equipment & other assets £'000	Total £'000
At 1 August 2015	**29,671**	**4,671**	**34,342**
Additions	287	379	666
Disposals	-	(86)	(86)
At 31 July 2016	**29,958**	**4,964**	**34,922**
Depreciation			
At 1 August 2015	**5,775**	**3,698**	**9,473**
Charge for year	610	407	1,017
Eliminated in respect of disposals	-	(86)	(86)
At 31 July 2016	**6,385**	**4,019**	**10,404**
Net book value at 31 July 2016	**23,573**	**945**	**24,518**
Net book value at 31 July 2015	**23,896**	**973**	**24,869**

Land and buildings were valued in April 1993 at depreciated replacement cost by Fishers a firm of independent chartered surveyors.

If fixed assets had not been revalued before being deemed as costs on transition they would have been included at the following historical cost amounts:

	£'000
Cost	Nil
Aggregate depreciation based on cost	Nil
Net book value based on cost	**Nil**

12 Debtors

Amounts falling due within one year:

	2016	2015
	£'000	£'000
Trade debtors	22	28
Loans / Advances	2	1
Total	**24**	**29**

13 Creditors: Amounts falling due within one year

	2016	Restated 2015
	£'000	£'000
Trade payables	435	552
Other taxation and social security	235	220
Accruals and deferred income	106	83
Holiday pay accrual	709	699
Pension Contributions	179	165
Payments on Account	108	88
Deferred income - capital grants	126	126
Total	**1,898**	**1,933**

14 Creditors: Amounts falling due after one year

	2016	2015
	£'000	£'000
Deferred income - government capital grants	4,100	4,226
Total	**4,100**	**4,226**

15 Maturity of Debt

The College has no bank loans, overdrafts or finance leases.

16 Provisions

	Defined Benefit obligations £'000	Enhanced Pensions £'000	other £'000	Total £'000
At 1 August 2015	2,390	40	13	2,443
Expenditure in the period	-	(3)	(1)	(4)
Transferred from income and expenditure account	1,160	-	3	1,163
At 31 July 2016	**3,550**	**37**	**15**	**3,602**

Defined benefits obligations relate to the liablities under the College's mambership of the Local Government Pension Scheme. Further details are given in Note 21.

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

The principal assumptions for this calculation are:

	2016	2015
Price inflation	1.80%	3.68%
Discount rate	2.30%	2.64%

17 Cash and cash equivalent

	As at 1 August 2015 £'000	Cash flows £'000	Other Changes £'000	As at 31 July 2016 £'000
Cash and cash equivalents	1,454	2031	-	3,485
	1,454	**2,031**	**-**	**3,485**

18 Capital and other commitments

The College has no capital or commitment liabilities at at 31 July 2016.

19 Contingent liabilities

There are no contingent liabilities as at 31 July 2016

20 Events after the reporting period

Following conclusion of the Area Review for North and Mid Hampshire, the College is exploring the option of conversion to academy status thereby creating a multi-academy trust and teaching school alliance within the next twelve months. The College is submitting an application for conversion following the area based review recommendation which the Corporation supported. Should this be successful, after the usual due diligence the Corporation will give final approval to proceed to conversion, and therefore to dissolve the College Corporation, in 2017.

21 Defined benefit obligations

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

Total pension cost for the year

		2016		2015
		£'000		£'000
Teachers' Pension Scheme: contributions paid		1,024		919
Local Government Pension Scheme:				
Contributions paid	329		305	
FRS 102 (28) charge	70		30	
Charge to the Statement of Comprehensive income		399		335
Enhanced pension charge to Statement of Comprehensive Income		3		2
Total Pension Cost for the Year		**1,426**		**1,256**

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

Contributions amounting to £179,238.24 were payable to the schemes at 31 July 2016 and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 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 members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

21 Defined benefit obligations (continued)

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, 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

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

- New employer contribution rates were set at 16.48% of pensionable pay (including administration fees of 0.08%);
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay.

The new employer contribution rate for the TPS was implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.as

Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

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

The pension costs paid to TPS in the year amounted to £989,000 (2015: £1,490,000)

21 Defined benefit obligations (continued)

FRS 102 (28)

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the plan.

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

21 Defined benefit obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds adminsistered by Hampshire County Council. The total contribution made for the year ended 31 July 2016 was £438,159 of which employers' contributions totalled £328,748 and employees' contributions totalled £109,411. The contribution rates agreed for future years for employers are a flat 6% of the salaries total as at 31 March each year, topped up by 13.1% of actual salaries each month. Employee rates are on a scale based on salary levels and range from 5.5% to 7.5%.

Principal Actuarial Assumptions

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

	At 31 July 2016	At 31 July 2015
Rate of increase in salaries	3.30%	3.60%
Future Pension Increases	1.80%	2.61%
Discount rate for scheme liabilities	2.40%	3.60%
Inflation assuption (CPI)	1.80%	2.10%
Commutation of pensions to lump sums	70% of max	N/A

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

	At 31 July 2016	At 31 July 2015
Retiring today		
Males	24.6	24.5
Females	26.4	26.3
Retiring in 20 years		
Males	26.7	26.6
Females	28.7	28.6

The Colleges share of the assets in the plan and the expected rates of return were:

	Value at 31 July 2016 £'000	Value at 31 July 2015 £'000
Equity instruments	2,764	2,593
Debt instruments	1425	292
Property	412	144
Cash	37	-
Alternatives	299	-
Total fair value of plan assets	**4,937**	**3,029**
Actual return on plan assets	**600**	**440**

21 Defined benefit obligations (continued)

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

	2016	2015
	£'000	£'000
Fair value of plan assets	5,440	4,510
Present value of plan liabilities	(8,990)	(6,900)
Net pensions liability (note 19)	**(3,550)**	**(2,390)**

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

	2016	2015
	£'000	£'000
Amounts included in staff costs		
Current service cost	(390)	(330)
Total	**(390)**	**(330)**
Amounts included in investment income		
Net interest income	(80)	(80)
	(80)	**(80)**

Amount recognised in Other Comprehensive Income

	2016	2015
Changes in assumptions underlying the present value of plan liabilities	(1,010)	(210)
Amount recognised in Other Comprehensive Income	**(1,010)**	**(210)**

Movement in net defined benefit (liability) during year

	2016	2015
	£'000	£'000
Deficit in scheme at 1 August	**(2,390)**	**(2,070)**
Movement in year:		
Current employer service charge	(390)	(330)
Employer Contributions	320	300
Past service costs		-
Net interest	(80)	(80)
Acturial Loss	(1,010)	(210)
Deficit in scheme at 31 July	**(3,550)**	**(2,390)**

21 Defined benefit obligations (continued)

Asset and Liability Reconcilliation

	2016	2015
	£'000	£'000
Changes in present value of defined benefit obligations		
Defined benefit obligations at start of period	6,900	5,860
Current service cost	390	330
Interest cost	250	240
Contributions by scheme participants	120	110
Experience gains and losses on defined benefit obligations	1,440	490
Estimated benefits paid	(110)	(130)
Defined benefit obligations at end of period	**8,990**	**6,900**

Changes in fair value of plan assets

	2016	2015
	£'000	£'000
Fair value of plan assets at start of period	**4,510**	**3,790**
Interest on plan assets	170	160
Return on plan assets	430	280
Employer contributions	320	300
Contributions by scheme participants	120	110
Estimated benefits paid	(110)	(130)
Fair value of plan assets at start of period	**5,440**	**4,510**

22 Related Party Transactions

Owing 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 will take place with organisations in which a member of the Corporation may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

No expenses were paid to or on behalf of the Governors during the year 2015/16 and no Governor has received any remuneration or waived payments from the College during the year.

23 Amounts disbursed as agent

	2016	2015
	£'000	£'000
Opening Balance at 1 August	17	-
Funding body grants - bursary support	146	142
Funding Body Grants - discretionary learner support	-	18
Free School Meals	10	-
	173	**160**
Disbursed to students	(141)	(136)
Administration costs	(8)	(7)
	24	**17**

Funding body grants are available solely for students. In the majority of instances the College only acts as a paying agent. In these circumstances the grants and related disbursements are therefore excluded from the Income and Expenditure Account.

24 Transition to FRS 102 and the 2015 FE HE SORP

The year ended 31 July 2016 is the first year that the College has presented its financial statements under FRS 102 and the 2015 FE HE SORP. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 July 2015 and the date of transition to FRS 102 and the 2015 FE HE SORP was therefore 1 August 2014. As a consequence of adopting FRS 102 and the 2015 FE HE SORP, a number of accounting policies have changed to comply with those standards.

An explanation of how the transition to FRS 102 and the 2015 FE HE SORP has affected the College's financial position, financial performance and cash flows, is set out below.

		1 August 2014	31 July 2015
		£'000	£'000
Financial Position			
Total reserves under previous SORP		17,848	18,480
Employee leave accrual	(a)	(731)	(699)
Total effect of transition to FRS 102 and 2015 FE HE SORP		(731)	(699)
Total reserves under 2015 FE HE SORP		17,117	17,781

		£'000
Financial performance		
Surplus for the year after tax under previous SORP		922
Movement in employee leave accrual	(a)	32
Pensions provision – actuarial loss	(c)	(210)
Changes to measurement of net finance cost on defined benefit plans	(b)	(80)
Total effect of transition to FRS 102 and 2015 FE HE SORP		(258)
Total comprehensive income for the year under 2015 FE HE SORP		**664**

a) Recognition of short term employment benefits

No provision for short term employment benefits such as holiday pay was made under the previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. The annual leave year runs to 31st August each year for both teaching and term time contracted non-teaching staff meaning that, at the reporting date, there was an average of 20 days unused leave for both teaching staff and for term time contracted non-teaching staff. In addition, full time non-teaching employees are entitled to carry forward up to 5 days of any unused holiday entitlement at the end of the leave year. The cost of any unused entitlement is recognised in the period in which the employee's services are received. An accrual of £731k was recognised at 1 August 2014, and £699k at 1 August 2015. Following a re-measurement exercise in 2015/16, the movement on this provision of £9,256 has been charged to Comprehensive Income in the year ended 31 July 2016.

b) Change in recognition of defined benefit plan finance costs

The net pension finance cost recognised in the Income and Expenditure account for the year ended 31st July 2015 under the previous UK GAAP was the net of the expected return on pension plan assets and the interest on pension liabilities. FRS 102 requires the recognition in the Statement of Comprehensive Income, of a net interest cost, calculated by multiplying the net plan obligations by the market yield on high quality corporate bonds (the discount rate applied). The change has had no effect on net assets as the measurement of the net defined benefit plan obligation has not changed. Instead, the decrease in the surplus for the year has been mirrored by a reduction in the actuarial losses presented within Other Comprehensive Income.

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

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