

COULSDON
SIXTH FORM COLLEGE

REPORT AND FINANCIAL STATEMENTS

For the Year Ended
31 July 2017

Key Management Personnel, Board of Governors and Professional Advisers

Key management personnel

Key management personnel are defined as members of the College Senior Leadership Team and were represented by the following in 2016/17:

Mr S P Oxlade, Executive Principal, Accounting Officer (resigned 31/8/16)

Mr B Freeman, Principal (resigned 30/10/16)

Mr B Freeman, Accounting Officer (appointed 1/9/16, resigned 30/10/16)

Mr N Razaq, Principal, Accounting Officer (appointed 31/10/16, resigned 31/12/16)

Mr S Gooch, Joint Head of College, Accounting Officer (appointed 1/1/17, resigned 31/7/18)

Mr R Beales, Joint Head of College (appointed 1/1/17), appointed Accounting Officer 1/8/18

Board of Governors

A full list of Governors is given on pages 13-14 of these financial statements.

Mr J Allen acted as Clerk to the Corporation throughout the period.

Professional advisers

Financial statements auditors and reporting accountants:

RSM UK Audit LLP
Chartered Accountants
Portland
25 High Street
Crawley,
West Sussex
RH10 1BG

Bankers:

Lloyds Bank plc
21 Station Road
Caterham
Surrey
CR3 6YT

Solicitors:

Irwin Mitchell LLP
Belmont House
Station Way
Crawley
West Sussex
RH10 1JA

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Coulsdon Sixth Form College

MEMBERS' REPORT

For the Year from 1 August 2016 to 31 July 2017

NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements for the year ended 31 July 2017.

Legal Status

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

The Corporation was incorporated as Coulsdon College on 1 April 1993. On the 12 July 2010 a resolution was passed to formally approve the name of the College to be changed to Coulsdon Sixth Form College.

Since March 2013, the College has been in a Federation with Reigate College, an outstanding sixth form college located in Reigate, Surrey.

Mission

The College serves primarily its traditional market of full time 16-19 year olds. Its mission is 'to provide high quality education in a supportive community'.

The College's aims are:

- To engage with the local and regional community and other relevant stakeholders in order to provide a broad and balanced education primarily for 16 –19 full time students.
- To achieve targets as agreed with the Corporation.
- To be responsive to the learning and development needs of all students and staff, with the principles of inclusivity, equality and diversity and safeguarding embedded throughout the institution.
- To provide high quality physical resources which meet the needs of students, staff and the local community, through prudent financial management.

Public Benefit

Coulsdon Sixth Form College is an exempt charity under Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 13-14.

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.

Coulsdon Sixth Form College

MEMBERS' REPORT (CONTINUED)

For the Year from 1 August 2016 to 31 July 2017

Public Benefit (Continued)

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

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce
- Links with Local Enterprise Partnerships (LEPs)

Implementation of Strategic Plan

In Spring 2017 the College adopted a strategic plan for the period 1 August 2017 to 31 July 2018. This strategic plan includes property and financial plans. The Corporation monitors the performance of the College against these plans. The plans are reviewed and updated each year.

The College's continuing strategic objectives, which have been aligned with those of Reigate College, are set out below:

- To be recognised as a leading inclusive provider of a comprehensive range of AS/A level subjects, BTEC National courses and other provision at level 2 and 3 appropriate to the needs of the local and regional community.
- To work in partnership with the Surrey S7 Consortium (S7).
- To meet student participation, retention, achievement and value added targets.
- To achieve performance indicators as follows:
 - a. Exceed national benchmarks for aggregate attendance, retention and achievement.
 - b. Ensure that students are reaching their potential as indicated by aggregate value added outcomes.
- To significantly improve the College's reputation with Ofsted and throughout the region.
- To ensure that the College implements appropriate actions, in accordance with equality & diversity and safeguarding legislation.
- To achieve the College's staff development priorities for the year as identified in the College's Staff Development Plan, with a particular focus on teaching, learning and attainment.
- To provide effective teaching, learning and support for students which enables them to progress to further study, or appropriate employment and to fulfil their role in society.
- To improve the Financial Health assessment.
- To work in partnership with Reigate College, ensuring aligned policies, systems and procedures across the two federated colleges.

Coulsdon Sixth Form College

MEMBERS' REPORT (CONTINUED)

For the Year from 1 August 2016 to 31 July 2017

Financial Objectives

The College's financial objectives are:

- To maintain Satisfactory or better assessments in Financial Health
- To implement an accommodation and estates strategy, which reflects curriculum planning and the needs of staff and students and, where appropriate, the local community.
- To ensure compliance with bank covenants.

During the year, the College's financial health declined and is assessed as inadequate.

Performance Indicators

The College is required to complete the annual Finance Record for the Education and Skills Funding Agency (ESFA). The Finance Record produces a financial health grading which is currently 'inadequate'.

Details of the College's success rates can be found on page 7.

FINANCIAL POSITION

Financial Results

The College generated a deficit before other comprehensive income in the year of £724,000 (2015/16 deficit of £898,000) with total comprehensive income of (£86,000), (2015/16 (£1,234,000)). Net assets at 31 July 2017 were £586,000 (31 July 2016 £672,000).

The College generated a cash outflow of £343,000 from operating activities (2015/16 outflow of £418,000). Cash and short term investments at 31 July 2017 were £1,027,000 (31 July 2016 - £1,625,000).

Loan repayments to the value of £161,000 were made during the year.

Tangible fixed asset additions during the year amounted to £21,000. This was split between land and building additions of £9,000 and equipment purchased of £12,000.

The College has significant reliance on education sector funding bodies for its principal funding source, largely from recurrent grants. In 2016/17 funding bodies provided 95% (excluding deferred grants) of the College's total income.

Treasury Policies and Objectives

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

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation.

Coulsdon Sixth Form College

MEMBERS' REPORT (CONTINUED)

For the Year from 1 August 2016 to 31 July 2017

Liquidity

The College currently has in place secured loans totalling £2.1m (no new loans were taken out in the current financial year). During the year the College repaid £161,000 of its bank loans.

The covenants attached to the Lloyds bank loan were breached at the balance sheet date and no waiver was obtained prior to the year end. As a result of this the loan is shown as falling due within one year.

The size of the College's total borrowing and its approach to interest rates has been calculated to ensure that borrowing costs do not exceed 7% of total income in line with the lenders covenant. During the year this margin was comfortably exceeded.

All ordinary capital additions were met by use of accumulated College funds.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student Numbers

In 2016/17 the College has delivered activity that has produced £5,003,000 in funding body main allocation funding (2015/16 - £4,670,000). As a result of the exceptional growth in student numbers at enrolment in September 2016, the College was funded this year on the basis of the number of students enrolled of 1,006.

STUDENT ACHIEVEMENTS

The success of the College is shown in the following 3 year analysis:

Overall Performance (data source Pro-Achieve)

| Year | Starts | Success | | | Retention | | | Achievement | | |
|---------|--------|---------|------|--------|-----------|------|--------|-------------|------|--------|
| | | % S | % BS | % S-BS | % S | % BS | % S-BS | % S | % BS | % S-BS |
| 2016/17 | 2,684 | 87.3 | 87.3 | 0.0 | 91.1 | 91.3 | (0.2) | 95.8 | 95.7 | 0.1 |
| 2015/16 | 2,597 | 88.4 | 87.1 | 1.3 | 93.2 | 91.6 | 1.6 | 94.8 | 95.1 | (0.3) |
| 2014/15 | 2,205 | 84.9 | 85.7 | (0.8) | 91 | 89.6 | 1.4 | 93.4 | 95.7 | (2.3) |

S = College Performance

BS = Benchmark

Curriculum Developments

The College is a provider of 'distinct 16–19 provision', as described in the DfES guidelines '*Principles underpinning the organisation of 16–19 provision*'.

The most substantial areas of work are in Science and Mathematics, Business Studies, Public Services Information and Communication Technology, Sports, Leisure & Tourism, Visual Arts, Performing Arts & Media, Humanities and English & Communications.

Coulsdon Sixth Form College

MEMBERS' REPORT (CONTINUED)

For the Year from 1 August 2016 to 31 July 2017

Curriculum Developments (continued)

Through the Federation with Reigate College, the College worked closely with a number of schools in the area to ensure that its provision meets the progression needs of local young people; where these needs cannot be met, students are offered detailed advice through partner schools liaison regarding courses in local general further education colleges.

There is a strategic understanding with East Surrey College regarding the range of courses offered by each college. This arrangement ensures that the full breadth of vocational and academic qualifications are provided for the local and regional community.

Outside the classroom, an activities programme offers a wide variety of opportunities. In June each year Lower Sixth students participate in Activities Week. Over 20 diverse activities were offered which catered for all interests. An active students' union contributes to the community ethos of the College.

Executive Principal

Mr S Oxlade resigned with effect from 31 August 2016, and has not been replaced.

Accounting Officer

Mr S Oxlade resigned with effect from 31 August 2016, and Mr B Freeman was appointed with effect from 1 September 2016.

Mr B Freeman resigned with effect from 30 October 2016 and Mr N Razaq was appointed with effect from 31 October 2016.

Mr N Razaq resigned with effect from 31 December 2016 and Mr S Gooch has been appointed with effect from 1 January 2017.

Mr S Gooch resigned with effect from 31 July 2018 and Mr R Beales has been appointed with effect from 1 August 2018.

Principal

Mr B Freeman resigned with effect from 30 October 2016 and Mr N Razaq was appointed with effect from 31 October 2016.

Mr N Razaq resigned with effect from 31 December 2016. Mr S Gooch and Mr R Beales have been appointed joint heads of college with effect from 1 January 2017.

Mr S Gooch resigned with effect from 31 July 2018.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1st November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2016 to 31 July 2017, the College paid 95% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Events after the balance sheet date

The College has been exploring options to secure its long term sustainability and in the spring of 2018, undertook a Structures & Prospects Appraisal (SPA). Following this exercise, the Corporation decided to pursue a Type B merger with Croydon College. The Corporation of Coulsdon College has therefore agreed to dissolve and transfer its assets and liabilities to Croydon College with an anticipated merger date of 1 February 2019.

Forecasts have been prepared to support the fact that the college can continue to pay debts as they fall due up until the date of the merger.

RESOURCES

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

Coulsdon Sixth Form College

MEMBERS' REPORT (CONTINUED)

For the Year from 1 August 2016 to 31 July 2017

Financial

The College has £586,000 of net assets and £2.149 million of short term debt. The main tangible resource is the main College site which has a net book value of £30.6 million.

People

During the year to 31 July 2017, the average number of people employed by the College was 103 (expressed as full time equivalents), of whom 59 are teaching staff.

Reputation

The College's reputation has been greatly enhanced since the establishment of the Federation with Reigate College in March 2013. The state of the art campus and resources provide an outstanding basis on which to build the College's standing both nationally and in the local community

The Ofsted inspection of 2014 resulted in the College being graded "good". The improvement from "inadequate" to "good" has never before been achieved by a sixth form college in the timescale undertaken by the Federation.

PRINCIPAL RISKS AND UNCERTAINTIES

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

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

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

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

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

1. Failure to deliver participation targets

This could occur if either an insufficient number of students apply, or the College makes inaccurate predictions/estimates of numbers of students enrolling and being retained.

To mitigate against this risk, the College has robust marketing and publicity procedures. Curriculum expansion is being considered in order to stimulate new markets. The senior management team regularly reviews application numbers and patterns to ensure the target number of students is enrolled.

2. Government funding

The College has considerable reliance on continued government funding through the Education and Skills Funding Agency. In 2016/17 95% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Coulsdon Sixth Form College

MEMBERS' REPORT (CONTINUED)

For the Year from 1 August 2016 to 31 July 2017

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

- The demand led funding system which applies a series of factors such as retention rates and social disadvantage to calculate an amount of funding to be received for each learner. Funding has been significantly reduced since 2011 and further cuts are yet to be announced.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training.
- Considerable focus and investment is placed on maintaining and managing key relationships with the funding bodies.
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
- Taking a pro-active role in area based reviews.
- Development of partnership arrangements with local academies.

3. Failure to achieve key performance indicators

The College would be at risk if its aggregate success rates fall below Sixth Form College benchmarks. There is a wide range of policies and systems in place to mitigate against this risk, including lesson observations, the Learner Improvement Programme, departmental self-assessment, and the A Level AB grade value-added strategy.

4. Failure to provide appropriate infrastructure and resources

The College would be at risk if its accommodation and physical resources were insufficient in terms of volume or quality to meet curriculum needs, or if its human resources were insufficient in terms of experience and/or qualifications to meet curriculum and support needs. The College's financial plan includes investment in its accommodation and physical resources, including maintenance and refurbishment as needed. There are disaster recovery plans in place for the College's premises and IT. The College's staff recruitment and staff development policies ensure that staff are suitably experienced and qualified.

5. Loss of key staff

If the duties and responsibilities of specialised staff could not be covered within an acceptable timeframe, the College would be at risk. The College organisation chart shows how roles of key specialised staff can be covered at all levels for short terms.

6. Maintain adequate funding of pension liabilities

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

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Croydon Council. The fund is subject to a tri-annual actuarial valuation, with the most recent being as at 31 March 2016, when member/employer contribution rates and any employer shortfall payment amounts are calculated and agreed on the basis of each college/employer share of the fund. Shortfall payments are split equally over the 12 months from April to March. Employee/employer contributions are also paid on a monthly basis and are fully factored into the operation costs incurred by the college.

Coulsdon Sixth Form College

MEMBERS' REPORT (CONTINUED)

For the Year from 1 August 2016 to 31 July 2017

STAKEHOLDER RELATIONSHIPS

In line with other colleges and with universities, Coulsdon Sixth Form College has many stakeholders. These include:

- Students;
- Education Sector Funding Bodies;
- Sixth Form Commissioner;
- Staff;
- Local employers (with specific links);
- Local Authority;
- Government Offices/ Regional Development Agencies/ LEP's;
- The local community;
- Other FE institutions;
- Trade unions;
- Professional bodies.

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

Equal Opportunities and Employment of Disabled Persons

The College aims to encourage all individuals to achieve their full potential by ensuring individuals treat each other with respect, regardless of race (including colour, nationality and ethnic origin), culture, gender, age, health status, disability, linguistic differences, sexuality, sexual orientation, political or religious beliefs, income, social class or any other factor which is not considered relevant. This policy is resourced, implemented and monitored on a planned basis. The College's Equal Opportunities Policy, including its Race Relations Policy and Disability Policy, is available from the Personnel Office.

The College is a 'Positive about Disabled' employer and has committed to the principles and objectives of the Positive about Disabled standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees. The College has also implemented an updated Equality & Diversity training programme which all staff have attended. Refresher training and training for new starters is carried out on an on-going basis.

Disability Statement

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

- The College has appointed a Learning Support Manager who provides information, advice and arranges support where necessary for students with disabilities.
- There is a range of specialist equipment and assistive technology which the College can make available for use by students.
- The admissions policy for all students is available on the College's website. Appeals against a decision not to offer a place are handled by the Head of College.
- The College has made a significant investment in the appointment of learning facilitators to support students with learning difficulties and/or disabilities. There is a continuing programme of

Coulsdon Sixth Form College

MEMBERS' REPORT (CONTINUED)

For the Year from 1 August 2016 to 31 July 2017

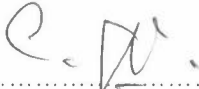
staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.

- Achievements and destinations are recorded and evaluated by the College Equality Committee.
- Counselling and welfare services are described in the College Student Diary, which is issued to students together with the Student Code of Conduct leaflets at induction.

Disclosure of information to auditor

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's 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 auditor is aware of that information.

Approved by order of the members of the Corporation on 10 December 2018 and signed on its behalf by:



.....
Mr C. Wright
Chair

Coulsdon Sixth Form College

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

For the Year from 1 August 2016 to 31 July 2017

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

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership); and
- ii. having due regard to the UK Corporate Governance Code ("the Code") insofar as it is applicable to the further education sector

The College is committed to exhibiting best practice in all aspects of corporate governance. We have not adopted, and therefore do not apply, the UK Corporate Governance Code or the Foundation Code. We have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

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

THE CORPORATION MEMBERS

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

| Member | Date of appointment | Term of office | Date of resignation | Status of appointment | Committees Served | No. of meetings attended/ total meetings held |
|--------------|---------------------|--|---------------------|-----------------------|---|---|
| Mr D Attah | 10.12.02 | 31.07.18 | | External | Finance & General Purposes | 7/8 |
| Mrs Y White | 01.01.05 | 31.07.18 | | Staff | Planning & Performance | 9/9 |
| Mr S Oxlade | 11.03.13 | During period of Executive Principalship | 31.08.16 | Executive Principal | Finance & General Purposes; Planning & Performance; Search & Governance | N/A |
| Mr B Freeman | 01.08.14 | During period of Principalship | 30.10.16 | Principal | Finance & General Purposes; Planning & Performance; Search & Governance | 1/1 |
| Mr N Razaq | 31.10.16 | During period of Principalship | 31.12.16 | Principal | Finance & General Purposes; Planning & Performance; Search & Governance | 5/5 |

Coulsdon Sixth Form College

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

For the Year from 1 August 2016 to 31 July 2017

| Member | Date of appointment | Term of office | Date of resignation | Status of appointment | Committees Served | No. of meetings attended/ total meetings held |
|--------------------|---------------------|--------------------------------|---------------------|-----------------------|---|---|
| Mr R Beales | 01.01.17 | During period of Principalship | | Joint Head of College | Finance & General Purposes; Planning & Performance; | 6/6 |
| Mr S Gooch | 01.01.17 | During period of Principalship | | Joint Head of College | Finance & General Purposes; Planning & Performance; | 6/6 |
| Mr R Hails (Chair) | 20.03.13 | 31.07.18 | | External | Finance & General Purposes; Planning & Performance; Search & Governance | 10/11 |
| Mr M Jones | 26.03.13 | 31.07.18 | | External | Finance & General Purposes (Chair) | 8/8 |
| Mr I Fortune | 26.03.13 | 25.03.17 | 12.12.16 | External | Audit; Search & Governance | 2/2 |
| Mr M Coleman | 26.03.13 | 31.07.17 | 03.05.17 | External | Audit (Chair); Search & Governance | 6/6 |
| Cllr C Wright | 01.08.01 | 31.07.18 | | External | Finance & General Purposes | 8/8 |
| Mr A Booth | 01.01.14 | 31.07.18 | | External | Planning & Performance | 6/9 |
| Ms S Joarder | 01.04.15 | 31.07.18 | | External | Audit | 8/8 |
| Ms P Keating | 01.04.15 | 31.07.18 | | External | Planning & Performance | 3/8 |
| Mr C McSharry | 20.02.17 | 31.07.18 | | External | Finance & General Purposes | 3/3 |
| Ms D Hughes | 20.02.17 | 31.07.18 | | External | Planning & Performance | 4/4 |
| Ms R Mohabir | 01.09.16 | 31.07.17 | 31.07.17 | Student | Planning & Performance | 5/6 |
| Mr G Karpal | 01.09.16 | 31.07.17 | 31.07.17 | Student | Planning & Performance | 4/6 |

Mr J Allen acts as Clerk to the Corporation.

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

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Corporation meets each term.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are finance and general purposes, employment and remuneration, audit and planning and performance. Full minutes of all meetings except, those deemed to be confidential by the Corporation, are available on the College's website (at coulsdon.ac.uk) or from the Clerk to the Corporation at:

Coulsdon Sixth Form College

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

For the Year from 1 August 2016 to 31 July 2017

Coulsdon Sixth Form College
Placehouse Lane
Old Coulsdon
Surrey
CR5 1YA

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

All governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to board meetings. Briefings are also provided on an ad-hoc basis.

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

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

APPOINTMENTS TO THE CORPORATION

The Corporation of Coulsdon College is the appointing authority in relation to the appointment of its members.

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

CORPORATION PERFORMANCE

The College has a clear set of challenging targets for each of the key performance indicators which are used by Governors, senior leaders and managers when monitoring performance (Department Reviews, Quality Improvement Plans, Lesson Observations, Students Surveys, Governors KPI Datadashboard).

Governors on the Planning and Performance Committee are involved in validating the College's Self-Assessment Report, challenging the contents and agreeing the grades. All Governors have received the College's Achievement Report and the College's Quality Improvement Plan (QIP) as well as the Ofsted Inspection and Monitoring Visit Reports. All of these provide them with a clear understanding of the College's strengths and weaknesses.

Governors are highly committed in supporting the strategic direction and challenges facing the College but are also able to systematically hold senior leaders to account for the College's performance and bring about the significant improvements which are required.

The Governors now receive clear and more detailed reports on teaching, learning and assessment which provide quantitative data, qualitative information as well as details and updates on what the College is doing to improve teaching, learning and assessment (Governors Reports and College QIP). "The Governors have a good oversight and receive detailed reports on progress" (Ofsted Monitoring Visit December 2013).

REMUNERATION COMMITTEE

One of the Committee's responsibilities is to make recommendations to the Corporation on the remuneration and benefits of the joint Heads of College. Details of remuneration for the year ended 31 July 2017 are set out in note 5 to the financial statements.

Coulsdon Sixth Form College

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

For the Year from 1 August 2016 to 31 July 2017

AUDIT COMMITTEE

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

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal, regularity and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

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

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

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

INTERNAL CONTROL

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Head of College (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 Funding Agreement between Coulsdon Sixth Form College and the funding body. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Coulsdon Sixth Form College for the year ended 31 July 2017 and up to the date of approval of the annual report and accounts.

Coulsdon Sixth Form College

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

For the Year from 1 August 2016 to 31 July 2017

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal on-going process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2017 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

Coulsdon Sixth Form College has an independent internal audit service, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At minimum, annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

As Accounting Officer, the Principal or Head of College has responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is informed by:

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

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

The senior leadership team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2016 meeting, the Corporation carried out the annual assessment for the

Coulsdon Sixth Form College

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

For the Year from 1 August 2016 to 31 July 2017

year ended 31 July 2016 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2016.

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

GOING CONCERN

These financial statements have been prepared on a basis other than going concern on the assumption that the College will cease to trade after 1 February 2019.

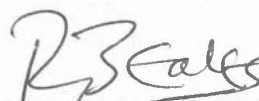
The College has been exploring options to secure its long term sustainability and in the spring of 2018, undertook a Structures & Prospects Appraisal (SPA). Following this exercise, the Corporation decided to pursue a Type B merger with Croydon College.

During the year ended 31 July 2017 the college had a decrease in cash and cash equivalents of £599,000 and a net current liability position of £2,544,000 at 31 July 2017. Forecasts have been prepared to support the fact that the college can continue to pay debts as they fall due up until the date of the merger.

Approved by order of the members of the Corporation on 10 December 2018 and signed on its behalf by:



Mr C. Wright
Chair



Mr R Beales
Accounting Officer

Coulsdon Sixth Form College

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

For the Year from 1 August 2016 to 31 July 2017

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

Within the terms of the Funding Agreement between the Education and Skills Funding Agency and the Corporation of the College, the Corporation, through its Accounting Officer, is required to prepare financial statements and the members report 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 for 2016 to 2017* issued by the ESFA, and which give a true and fair view of the state of affairs of the College and the result for that year.

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation. No material adjustments have arisen as a result of ceasing to apply the going concern basis

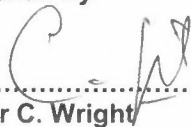
The Corporation is also required to prepare a Members' Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the College, and which enable it to ensure that the financial statements are prepared in accordance with the Charities Act 2011 and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it in order to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

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

Members of the Corporation are responsible for ensuring that 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 ESFA are used only in accordance with the Funding Agreement with the ESFA 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 ESFA are not put at risk.

Approved by order of the members of the Corporation on 10 December 2018 and signed on its behalf by:


.....
Mr C. Wright
Chair

Coulsdon Sixth Form College

GOVERNING BODY'S STATEMENT ON THE COLLEGE'S REGULARITY, PROPRIETY AND COMPLIANCE WITH FUNDING BODY TERMS AND CONDITIONS OF FUNDING For the Year from 1 August 2016 to 31 July 2017

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

We confirm, on behalf of the Corporation, that after due enquiry, and **to the best of our knowledge**, we are able to identify any material irregular or improper use of funds by the College, or material non-compliance with the Education and Skills Funding Agency's terms and conditions of funding under the College's funding agreement.

We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Education and Skills Funding Agency.


.....
Mr C. Wright
Chair


.....
Mr R Beales
Accounting Officer

Coulsdon Sixth Form College

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF COULSDON SIXTH FORM COLLEGE

For the Year from 1 August 2016 to 31 July 2017

Opinion

We have audited the financial statements of Coulsdon College (the "College") for the year ended 31 July 2017 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in reserves, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2017 and of the College's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the college in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – non-going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements. As described in note 1, the College governors are pursuing a merger which would result in the transfer of Coulsdon College trade, assets and liabilities to another entity and the dissolution of Coulsdon College. It is expected that this process will be completed within 3 months of the date of the signing of these financial statements. For this reason the financial statements have been drawn up on a basis other than that of going concern.

Other information

The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2016 to 2017 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

Coulsdon Sixth Form College

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF COULSDON SIXTH FORM COLLEGE

For the Year from 1 August 2016 to 31 July 2017

Responsibilities of the Corporation of Coulsdon College

As explained more fully in the Statement of the Corporation's Responsibilities set out on pages... to ... , the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities> this description forms part of our auditor's report.

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 10 October 2017. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP
Chartered Accountants
Portland
25 High Street
Crawley
RH10 1BG

14 December 2018

Coulsdon Sixth Form College
STATEMENT OF COMPREHENSIVE INCOME
For the Year from 1 August 2016 to 31 July 2017

| | Notes | Year ended 31st July 2017 £'000 | Year ended 31st July 2016 £'000 |
|--|-------|------------------------------------|------------------------------------|
| INCOME | | | |
| Funding body grants | 2 | 5,742 | 5,437 |
| Other income | 3 | 284 | 213 |
| Investment income | 4 | 3 | 10 |
| | | <hr/> | <hr/> |
| Total income | | 6,029 | 5,660 |
| EXPENDITURE | | | |
| Staff costs | 5 | 4,391 | 4,146 |
| Other operating expenses | 6 | 1,400 | 1,321 |
| Interest and other finance costs | 7 | 148 | 173 |
| Depreciation | 8 | 814 | 913 |
| | | <hr/> | <hr/> |
| Total expenditure | | 6,753 | 6,553 |
| | | <hr/> | <hr/> |
| (Deficit) before other gains and losses | | (724) | (893) |
| Profit/(loss) on disposal of assets | | - | (5) |
| | | <hr/> | <hr/> |
| (Deficit) before tax | | (724) | (898) |
| | | <hr/> | <hr/> |
| (Deficit) for the year | | (724) | (898) |
| Actuarial gain/(loss) in respect of pensions schemes | 17 | 638 | (336) |
| | | <hr/> | <hr/> |
| Total Comprehensive Income for the year | | (86) | (1,234) |
| | | <hr/> <hr/> | <hr/> <hr/> |

Coulsdon Sixth Form College
STATEMENT OF CHANGES IN RESERVES
For the Year from 1 August 2016 to 31 July 2017

| | Income and Expenditure account | Revaluation reserve | Total |
|--|--------------------------------------|------------------------|------------|
| | £'000 | £'000 | £'000 |
| Balance at 1st August 2015 | 946 | 960 | 1,906 |
| Deficit from the statement of comprehensive income | (898) | - | (898) |
| Other comprehensive income | (336) | - | (336) |
| | (1,234) | - | (1,234) |
| Balance at 31st July 2016 | (288) | 960 | 672 |
| Deficit from the statement of comprehensive income | (724) | - | (724) |
| Actuarial gain in respect of pension schemes | 638 | - | 638 |
| Total comprehensive income for the year | (86) | - | (86) |
| Balance at 31st July 2017 | (374) | 960 | 586 |

Coulsdon Sixth Form College

BALANCE SHEET


As at 31 July 2017

| | Notes | 2017 £'000 | 2016 £'000 |
|--|-------|-------------------|-------------------|
| Non-current assets | | | |
| Tangible assets | 8 | 30,578 | 31,371 |
| | | <u>30,578</u> | <u>31,371</u> |
| Current assets | | | |
| Stocks | 9 | 3 | 5 |
| Debtors | 10 | 185 | 207 |
| Cash at bank and in hand | | <u>1,027</u> | <u>1,625</u> |
| | | 1,215 | 1,837 |
| Less: Creditors – amounts falling due within one year | 11 | <u>(3,759)</u> | <u>(1,796)</u> |
| Net current assets | | <u>(2,544)</u> | <u>41</u> |
| Total assets less current liabilities | | 28,034 | 31,412 |
| Creditors – amounts falling due after more than one year | 12 | (24,973) | (27,783) |
| Provisions | | | |
| Defined benefit obligations | 17 | <u>(2,475)</u> | <u>(2,957)</u> |
| Total net assets | | <u>586</u> | <u>672</u> |
| Unrestricted Reserves | | | |
| Income and expenditure account | 20 | (374) | (288) |
| Revaluation reserve | | <u>960</u> | <u>960</u> |
| Total unrestricted reserves | | <u>586</u> | <u>672</u> |

The financial statements on pages 23 to 46 were approved by the Corporation and authorised for issue on 10 December 2018 and were signed on its behalf on that date by:



Mr C. Wright
Chair



Mr R. Beales
Accounting Officer

Coulsdon Sixth Form College

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2017

| | Notes | 2017 | 2016 |
|--|-------|--------------|--------------|
| | | £'000 | £'000 |
| Operating activities | | | |
| Cash generated from operations | 21 | (344) | (418) |
| Net cash flow from operating activities | | (344) | (418) |
| Investing activities | | | |
| Proceeds from sale of fixed assets | | - | 2 |
| Interest received | | 3 | 10 |
| Purchase of tangible fixed assets | | (21) | (64) |
| | | (18) | (52) |
| Financing activities | | | |
| Interest paid | | (76) | (83) |
| Repayments of borrowings | | (161) | (160) |
| | | (237) | (243) |
| (Decrease) in cash and cash equivalents in the year | | (599) | (713) |
| Cash and cash equivalents at beginning of the year | 14 | 1,625 | 2,338 |
| Cash and cash equivalents at end of the year | 14 | 1,027 | 1,625 |

Coulsdon Sixth Form College

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

1 STATEMENT OF ACCOUNTING POLICIES

The following accounting policies have been applied consistently to all years, unless otherwise stated, 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 2016 to 2017 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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 fixed assets. The financial statements are presented in sterling which is also the functional currency of the college. Monetary amounts in these financial statements are rounded to the nearest whole £000 except where stated otherwise.

GOING CONCERN

The College has been exploring options to secure its long term sustainability and in the spring of 2018, undertook a Structures & Prospects Appraisal (SPA). Following this exercise, the Corporation decided to pursue a Type B merger with Croydon College.

The Corporation of Coulsdon College has therefore agreed to dissolve and transfer its assets and liabilities to Croydon College with an anticipated merger date of 1 February 2019.

The financial statements are therefore prepared on the basis other than going concern on the assumption that the college will cease to trade on 1 February 2019. Forecasts have been prepared to support the fact that the college can continue to pay debts as they fall due up until the date of the merger.

The College has been liaising with Lloyds Bank regarding the outstanding loan and agreement has been reached for Lloyds Bank to take a charge on the College property as security. As a result of this agreement, there has been no change to the repayment profile, although it is anticipated that the loan will be repaid in full upon merger.

RECOGNITION OF INCOME

Funding body recurrent grants are accounted for under the accrual model as permitted by FRS 102. They are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. 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, and is recognised when receivable.

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

Government capital grants 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.

Coulsdon Sixth Form College

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

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

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

RETIREMENT BENEFITS

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

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

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

SHORT TERM EMPLOYMENT BENEFITS

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

TANGIBLE FIXED ASSETS

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

Land and buildings

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

Freehold land is not depreciated. Freehold and Leasehold buildings are depreciated over their expected useful economic life to the College of between 10 and 50 years. The College has a policy of

Coulsdon Sixth Form College

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

depreciating major adaptations to buildings over the period of their useful economic life of between 10 and 50 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred 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 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.

Finance costs, which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets.

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in December 1992, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

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

Single items costing £1,000 or more (including VAT, delivery and installation) or items costing less than £1,000 but forming part of a set or a capital project costing £1,000 or more are capitalised at cost. All other equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition. Equipment inherited from the Local Education Authority is stated in the balance sheet at valuation on incorporation.

Inherited equipment has been depreciated on a straight-line basis over its remaining useful economic life to the College of five years from incorporation and is now fully depreciated.

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

| | | |
|-----------------------|---|---------|
| Motor vehicles | - | 5 years |
| Computer equipment | - | 3 years |
| General equipment | - | 5 years |
| Fixtures and fittings | - | 5 years |

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

Maintenance of Premises

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

BORROWING COSTS

Borrowing costs are recognised as expenditure in the period in which they are incurred.

Coulsdon Sixth Form College

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

LEASED ASSETS

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income.

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 ASSETS AND FINANCIAL LIABILITIES

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

All financial assets and financial liabilities are initially measured at transaction price (including transaction costs unless the arrangement constitutes a financing transaction (in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument)). A financial asset or liability that is receivable or payable within one year is not discounted unless it is a financing transaction.

TAXATION

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

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

PROVISIONS AND CONTINGENT LIABILITIES

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

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

AGENCY ARRANGEMENTS

The College acts as an agent in distributing Bursary Support Funds. Payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College and are shown separately in Note 20, except for 5% of the grant received which is available to the College to cover administration costs relating to the grant. The College employs one member of staff dedicated to the administration of Learner Support Fund applications and payments.

Coulsdon Sixth Form College

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

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 College's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 17, 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 2016 has been used by the actuary in valuing the pensions liability at 31 July 2017. 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.

Coulston Sixth Form College
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2017

2 Funding body grants

| | Year ended 31st July 2017 £'000 | Year ended 31st July 2016 £'000 |
|-------------------------------------|--|--|
| ESFA recurrent grant | 5,003 | 4,649 |
| ESFA non recurrent grant | 55 | 21 |
| Releases of deferred capital grants | 684 | 767 |
| Total | 5,742 | 5,437 |

3 Other income

| | Year ended 31st July 2017 £'000 | Year ended 31st July 2016 £'000 |
|------------------------------------|--|--|
| Catering and conferences | 233 | 161 |
| Other income generating activities | 35 | 33 |
| Other grants and contracts | 16 | 19 |
| Total | 284 | 213 |

4 Investment income

| | Year ended 31st July 2017 £'000 | Year ended 31st July 2016 £'000 |
|-------------------------|--|--|
| Other investment income | 3 | 10 |
| Total | 3 | 10 |

5 Staff costs

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

| | Year ended 31st July 2017 No. | Year ended 31st July 2016 No. |
|--------------------|--|--|
| Teaching staff | 59 | 57 |
| Non-teaching staff | 44 | 46 |
| | 103 | 103 |

Staff costs for the above persons:

| | Year ended 31st July 2017 £'000 No. | Year ended 31st July 2016 £'000 No. |
|-----------------------|---|---|
| Wages and salaries | 3,449 | 3,294 |
| Social security costs | 321 | 270 |
| Other pension costs | 621 | 582 |
| | 4,391 | 4,146 |

Coulsdon Sixth Form College

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

5 Staff costs continued

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 College Senior Leadership Team which comprised the Principal and two Deputy Principals until 31st December 2016. From 1st January 2017, the Principal was not replaced and the Deputy Principals took on the roles of Accounting Officer and Joint Heads of College.

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

| | 2017 No. | 2016 No. |
|--|-------------|-------------|
| The number of key management personnel including the Accounting Officer and Principal was: | <u>4</u> | <u>4</u> |

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

| | Key management personnel | |
|---------------------|--------------------------|-------------|
| | 2017 No. | 2016 No. |
| £10,001 to £20,000 | 1 | 1 |
| £20,001 to £30,000 | 1 | - |
| £50,001 to £60,000 | - | 1 |
| £60,001 to £70,000 | 2 | 1 |
| £90,001 to £100,000 | - | 1 |
| | <u>4</u> | <u>4</u> |

Key management personnel emoluments are made up as follows:

| | Year ended 31st July 2017 £'000 | Year ended 31st July 2016 £'000 |
|-----------------------|--|--|
| Salaries | 174 | 224 |
| NIC | <u>21</u> | <u>24</u> |
| | 195 | 248 |
| Pension contributions | <u>26</u> | <u>37</u> |
| Total emoluments | <u>221</u> | <u>285</u> |

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

Coulsdon Sixth Form College

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

The above emoluments include amounts payable to the Accounting Officer, Principal and Joint Heads of College:

| | Year ended 31st July 2017 £'000 |
|---|--|
| Accounting Officer and Joint Head of College | |
| Steve Gooch from 1st Jan 2017 (7 months) | |
| Salaries | 41 |
| Employers NI | 5 |
| | <hr/> 46 |
| Pension contributions | 7 |
| Total emoluments | <hr/> 53 <hr/> |

| | Year ended 31st July 2017 £'000 |
|--|--|
| Principal | |
| B Freeman to 30-10-17, N Radaq to 31-12-17 (5 months) | |
| Salaries | 41 |
| Employers NI | 5 |
| | <hr/> 46 |
| Pension contributions | 4 |
| Total emoluments | <hr/> 50 <hr/> |

| | Year ended 31st July 2017 £'000 |
|--|--|
| Joint Head of College | |
| Richard Beales from 1st Jan 2017 (7 months) | |
| Salaries | 42 |
| Employers NI | 5 |
| | <hr/> 47 |
| Pension contributions | 7 |
| Total emoluments | <hr/> 54 <hr/> |

Coulsdon Sixth Form College

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

6 Other operating expenses

| | Year ended 31st July 2017 £'000 | Year ended 31st July 2016 £'000 |
|--------------------|--|--|
| Teaching costs | 62 | 51 |
| Non teaching costs | 809 | 776 |
| Premises costs | 529 | 494 |
| Total | 1,400 | 1,321 |

Other operating expenses include:

| | Year ended 31st July 2017 £'000 | Year ended 31st July 2016 £'000 |
|--|--|--|
| Auditors' remuneration: | | |
| Under accrual in prior year | 8 | 2 |
| Financial statements audit and regularity assurance report | 19 | 15 |
| Internal audit | - | 5 |
| Non audit services | 27 | - |
| Hire of assets under operating leases | 22 | 16 |

7 Interest payable

| | Year ended 31st July 2017 £'000 | Year ended 31st July 2016 £'000 |
|---|--|--|
| On bank loans repayable within 5 years, by instalments | 76 | 75 |
| On bank loans repayable wholly or partly in more than 5 years | - | 8 |
| Pension finance costs | 72 | 90 |
| Total | 148 | 173 |

Coulsdon Sixth Form College
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2017

8 Tangible fixed assets

| | Land & buildings £'000 | Motor vehicles £'000 | Equipment & Fixtures & Fittings £'000 | Total £'000 |
|---|------------------------------|----------------------------|--|----------------|
| Cost | | | | |
| At 1st August 2016 | 35,525 | - | 3,615 | 39,140 |
| Additions | 9 | 12 | - | 21 |
| Disposals | - | - | (100) | (100) |
| At 31st July 2017 | 35,534 | 12 | 3,515 | 39,061 |
| Depreciation | | | | |
| At 1st August 2016 | 4,393 | - | 3,376 | 7,769 |
| Charge for the year | 692 | - | 122 | 814 |
| Disposals | - | - | (100) | (100) |
| At 31st July 2018 | 5,085 | - | 3,398 | 8,483 |
| Net book value at 31st July 2017 | 30,449 | 12 | 117 | 30,578 |
| Net book value at 31st July 2016 | 31,132 | - | 239 | 31,371 |

Land was valued in December 1992 at depreciated replacement cost (£960k) by a firm of independent chartered surveyors and has been retained as deemed cost on transition. If inherited land and buildings had not been revalued before being deemed as cost 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 |

Land and buildings and equipment with a net book value of £30.6 million have been financed by exchequer funds through for example the receipt of capital grants. Should these assets be sold, the College may be liable, under the terms of the agreement with the ESFA, to surrender the proceeds. Lloyds Bank is in the final stages of securing a charge on title to the college buildings/site.

Coulsdon Sixth Form College
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2017

9 Stock

| | 2017 £'000 | 2016 £'000 |
|----------------|---------------|---------------|
| Catering Stock | 3 | 5 |
| Total | 3 | 5 |

10 Debtors

| | 2017 £'000 | 2016 £'000 |
|---|---------------|---------------|
| Amounts falling due within one year: | | |
| Trade debtors | 9 | 25 |
| Prepayments and accrued income | 157 | 182 |
| Other debtor – transition funding | 19 | - |
| Total | 185 | 207 |

11 Creditors: amounts falling due within one year

| | 2017 £'000 | 2016 £'000 |
|---|---------------|---------------|
| Bank loans due in one year or less | 2,149 | 161 |
| Trade creditors | 58 | 67 |
| Other creditors | 120 | 109 |
| Other taxation and social security | 142 | 141 |
| Amounts due to ESFA | 134 | - |
| Accruals | 522 | 661 |
| Deferred income - government capital grants | 634 | 657 |
| Total | 3,759 | 1,796 |

Bank loans have been shown as due in one year due to a breach of the loan covenants at the balance sheet date, for which no waiver has been obtained. It is envisaged that they will be repaid upon merger with Croydon College.

12 Creditors: amounts falling due after one year

| | 2017 £'000 | 2016 £'000 |
|---|---------------|---------------|
| Bank loans | - | 2,149 |
| Deferred income - government capital grants | 24,973 | 25,634 |
| Total | 24,973 | 27,783 |

Coulsdon Sixth Form College
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2017

13 Borrowings

| | 2017 | 2016 |
|--------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Bank loans are repayable as follows: | 2,149 | 161 |
| In one year or less | | |
| Between one and two years | - | 166 |
| Between two and five years | - | 1,510 |
| In five years or more | - | 473 |
| Total | 2,149 | 2,310 |

14 Cash and cash equivalents

| | At 1st August 2016 £'000 | Cash flows £'000 | At 31st July 2017 £'000 |
|--------------------------|-----------------------------------|------------------------|----------------------------------|
| Cash at bank and in hand | 1,625 | (598) | 1,027 |
| Debt due within 1 year | (161) | (1,988) | (2,149) |
| Debt due after 1 year | (2,149) | 2,149 | - |
| Total | (685) | (437) | (1,122) |

15 Lease obligations

At 31st July the College had minimum lease payments under non-cancellable operating leases as follows:

| | 2017 £'000 | 2016 £'000 |
|---|---------------|---------------|
| Assets other than land and buildings: | | |
| Not later than one year | 25 | 9 |
| Later than one year and not later than five years | 69 | 19 |
| | 94 | 28 |

16 Financial Instruments

| | 2017 £'000 | 2016 £'000 |
|--|---------------|---------------|
| Financial assets measured at amortised cost | | |
| Trade debtors | 16 | 25 |
| Total | 16 | 25 |

Coulston Sixth Form College

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

Financial liabilities measured at amortised cost

| | | |
|-------|-------|-------|
| Total | 2,984 | 3,147 |
|-------|-------|-------|

17 Pension and similar obligations

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

| Total pension cost for the year | Y-ended 31st July 2017 £'000 | Y-ended 31st July 2016 £'000 |
|---|---------------------------------------|---------------------------------------|
| Teachers Pension Scheme: contributions paid | 319 | 314 |
| Local Government Pension Scheme: | | |
| Contributions paid | 218 84 | 215 |
| FRS 102 (28) charge | | 50 |
| Charge to the Statement of Comprehensive Income | 302 | 265 |
| Total pension cost for the year within staff costs | 621 | 579 |

The pension costs are assessed with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £42,750 (2016 £64,000) were payable to the schemes at 31st July and are included within creditors.

Teachers' Pension Scheme

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

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

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £191.5 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional

Coulsdon Sixth Form College

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

investments held at the valuation date) of £176.6 billion

- Notional past service deficit of £14.9 billion
- Assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings
- Rate of real earnings growth is assumed to be 2.75%
- Assumed nominal rate of return is 5.06%

The TPS valuation for 2012 determined an employer rate of 16.48% (including a 0.08% administration fees), which was payable from September 2015. The next valuation of the TPS is currently underway based on March 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the year amounted to £314,000 (2016: £314,000)

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

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.

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Croydon Council. The total contributions made for the year ended 31 July 2017 were £270k of which employers contributions totalled £218k and employees' contributions totalled £52k. The present agreed contribution is 18.3% for employers from April 2017, plus deficit funding of £57k per annum. Employees' contributions range from 5.5% to 12.5%, depending on salary.

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2017 by a qualified actuary.

Coulsdon Sixth Form College

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

Principal Actuarial Assumptions

| | At 31st July 2017 | At 31st July 2016 |
|--------------------------------------|----------------------|----------------------|
| Pension Increase Rate | 2.5% | 1.9% |
| Salary Increase Rate | 3.0% | 2.9% |
| Discount Rate for scheme liabilities | 2.7% | 2.4% |
| Inflation assumption (CPI) | 2.5% | 1.9% |
| Commutation of pensions to lump sums | | |
| Pre - April 2008 service | 50% | 50% |
| Post - April 2008 service | 75% | 75% |

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The average future life expectancies at age 65

| | At 31st July 2017 | At 31st July 2016 |
|---------------------------|----------------------|----------------------|
| <i>Current Pensioners</i> | | |
| Males | 22.3 | 22.3 |
| Females | 24.4 | 24.4 |
| <i>Future Pensioners*</i> | | |
| Males | 24.0 | 24.4 |
| Females | 26.2 | 26.7 |

* Figures assume members aged 45 as at the last formal valuation date.

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

| | Fair Value at 31st July 2017 £'000 | Fair Value at 31st July 2016 £'000 |
|--|---|---|
| Equities | 2,900 | 2,445 |
| Bonds | 714 | 733 |
| Property | 462 | 314 |
| Cash | 126 | 0 |
| Total fair value of plan assets | 4,202 | 3,492 |
| Actual return on plan assets | 455 | 381 |
| Long term discount rate | 2.7% | 3.4% |

Coulsdon Sixth Form College

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

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

| | Year ended 31st July 2017 £'000 | Year ended 31st July 2016 £'000 |
|---------------------------------------|--|--|
| Fair value of plan assets | 4,202 | 3,492 |
| Present value of plan liabilities | (6,677) | (6,449) |
| Present value of unfunded liabilities | - | - |
| Net pensions liability | (2,475) | (2,957) |

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

| | Year ended 31st July 2017 £'000 | Year ended 31st July 2016 £'000 |
|--|--|--|
| Amounts included in staff costs | | |
| Current service cost | 302 | 265 |
| Past service cost | - | - |
| Total | 302 | 265 |

Amounts included in interest and other finance costs

| | | |
|-----------------------|-----------|-----------|
| Pension finance costs | 72 | 90 |
| | 72 | 90 |

Amounts recognised in Other Comprehensive Income

| | | |
|---|------------|--------------|
| Return on pension plan assets | 455 | 381 |
| Experience losses arising on defined benefit obligations | 482 | 49 |
| Changes in demographic assumptions | 58 | |
| Changes in assumptions underlying the present value of plan liabilities | (357) | -766 |
| Amounts recognised in Other Comprehensive Income | 638 | (336) |

Movement in net defined benefit (liability) during year

| | | |
|---|----------------|----------------|
| Deficit in scheme at 1st August | (2,957) | (2,481) |
| Movement in year: | | |
| Employer service cost (net of employee contributions) | (302) | (265) |
| Employer contributions | 218 | 215 |
| Net interest on the defined liability / asset | (72) | (90) |
| Actuarial gain or loss | 638 | (336) |
| Net defined (liability) / asset at 31st July | (2,475) | (2,957) |

Coulston Sixth Form College

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

Asset and Liability Reconciliation

| | Year ended 31st July 2017 £'000 | Year ended 31st July 2016 £'000 |
|--|--|--|
| Changes in the present value of defined benefit obligations | | |
| Defined benefit obligations at 1st August | 6,449 | 5,319 |
| Current service cost | 302 | 265 |
| Interest cost | 158 | 195 |
| Contributions by Scheme participants | 52 | 55 |
| Experience gains and losses on scheme | (482) | (49) |
| Changes in financial assumptions | 357 | 766 |
| Changes in demographic assumptions | (58) | - |
| Estimated benefits paid | (101) | (102) |
| Defined benefit obligations at 31st July | 6,677 | 6,449 |

Changes in fair value of plan assets

| | | |
|--|--------------|--------------|
| Fair value of plan assets at 1st August | 3,492 | 2,838 |
| Interest on plan assets | 86 | 105 |
| Return on plan assets | 455 | 381 |
| Employer contributions | 218 | 215 |
| Contributions by Scheme participants | 52 | 55 |
| Estimated benefits paid | (101) | (102) |
| Fair value of plan assets at 31st July | 4,202 | 3,492 |

Deficit contributions

The College has entered into an agreement with the LGPS to make additional contributions of £57,000 per annum in addition to normal funding levels until the next full valuation at which point the situation will be reviewed again.

18 Capital Commitments

There were no contracted commitments at 31 July 2017 (2016: £nil).

19 Related party transactions

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

During the year the total expenses paid to or on behalf of the Governors were £nil (2016: £nil). No Governor has received any remuneration or waived payments from the College during the year (2017: £nil).

No transactions were identified in the year which should be disclosed under Section 33 on FRS 102 - Related Party Disclosures.

Coulston Sixth Form College
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2017

20 Income and Expenditure Reserve

| | 2017 | 2016 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Income and expenditure reserve excluding pension reserve | 2,101 | 2,669 |
| Pension reserve | (2,475) | (2,957) |
| Income and expenditure reserve including pension reserve | <u>(374)</u> | <u>(288)</u> |

21 Notes to cash flow statement

| | 2017 | 2016 |
|---|--------------|--------------|
| | £'000 | £'000 |
| (Deficit) after tax for the year | (724) | (898) |
| Adjustment for non-cash items | | |
| Depreciation | 814 | 913 |
| Pensions costs less contributions payable | 156 | 140 |
| Investment income | (3) | (10) |
| Interest payable | 76 | 83 |
| Loss on sale of fixed assets | - | 5 |
| Operating cash flow before movements in working capital | 319 | 233 |
| (Increase) / decrease in stocks | 1 | 1 |
| (Increase) / decrease in debtors | 22 | (14) |
| Increase / (decrease) in creditors due within one year | (20) | 19 |
| Increase / (decrease) in creditors due after one year | (666) | (657) |
| Cash generated from/ (used in) operations | <u>(344)</u> | <u>(418)</u> |

22 Contingent Liabilities

There are no contingent liabilities.

Coulston Sixth Form College

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

23 Events after the Reporting Period

Discussions with Croydon College continue with a view to a merger taking place on 1 February 2019.

Coulsdon Sixth Form College

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF COULSDON COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 12 November 2015 and further to the requirements of the funding agreement with the Education and Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Coulsdon College during the period 1 August 2016 to 31 July 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

The framework that has been applied is set out in the Post 16 Audit Code of Practice issued by the ESFA. 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 and Skills Funding Agency has other assurance arrangements in place.

This report is made solely to the corporation of Coulsdon College and the Secretary of State for Education acting through the Education and Skills 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 Coulsdon College and the Secretary of State for Education acting through the Education and Skills 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 Coulsdon College and the Secretary of State for Education acting through the Education and Skills Funding Agency for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Coulsdon College and the reporting accountant

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

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 Post 16 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 2016 to 31 July 2017 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 Post 16 Audit Code of Practice issued by the ESFA. We performed a limited assurance engagement as defined in that framework and our engagement letter

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

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

Coulsdon Sixth Form College

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

Conclusion

In the course of our work, except for the matters listed below nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2016 to 31 July 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

RSM UK Audit LLP.

RSM UK AUDIT LLP
Chartered Accountants
Portland
25 High Street
Crawley
West Sussex
RH10 1BG

Date: *14 December 2018.*

