



**St Dominic's Sixth Form
College**

**Annual Report and Financial
Statements**

31 July 2017

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Operating and Financial Review for the year ended 31 July 2017

Board of Governors	A full list of governors is given on page 12
Key management personnel	Andrew Parkin (Principal and Accounting Officer) Nicola Walsh (Vice Principal) Paul Higginson (Assistant Principal) Peter Jenks (Assistant Principal) Nancy Conoboy (Assistant Principal) Angela Inglese (Assistant Principal) Mike McGonigley (Assistant Principal) Tom Colgan (Finance Director)
Registered office	Mount Park Avenue Harrow on the Hill Middlesex HA1 3HX
Financial statements auditor and reporting accountant	Buzzacott LLP 130 Wood Street London EC2V 6DL
Solicitors	Blake Morgan Apex Plaza Forbury Road MReading RG1 1AX
Bankers	Lloyds Bank plc Harrow Town Centre Branch Harrow Middlesex HA1 2EB
Clerk to the Governors	Hertfordshire Associates 33 Birch Close Biggleswade Beds SG18 9NR

Legal status

The College was established as St. Dominic's Sixth Form College in September 1979. Following the Learning and Skills Act of 2000 the Governors of this formerly designated institution were incorporated as from 1 April 2001. The full name of the institution is St. Dominic's Catholic Sixth Form College.

The College was re-designated as a Catholic Sixth Form College under the ASCL Act 2009 (Apprenticeships, Skills, Children and Learning Act) for the purpose of conducting St. Dominic's Sixth Form College. The College is an exempt charity for the purposes of the Charities Act 2011.

Mission

The College's mission statement as approved by its members is as follows:

"St. Dominic's is a Roman Catholic Sixth Form College committed to the personal and spiritual growth of all its members based on Christian values, academic excellence and high quality pastoral care".

Implementation of Strategic Plan

St Dominic's Sixth Form College is situated in the London Borough of Harrow. It is a Roman Catholic designated college within the Diocese of Westminster. It was opened in 1979 and all students are aged 16 to 18. In March 2015 the College celebrated 35 years since its foundation. There has been a steady growth in enrolment since the College opened from 289 students to 1,290 at the start of academic year 2017/18.

Despite significant local competition, the College has maintained its reputation as a centre of academic excellence and ensured that it has remained in a strong position, particularly in recent years.

We were delighted to receive the award 'Sunday Times Sixth Form College of the Year 2017' and this has been a great moment for the whole College community this year.

The number of students enrolling at St Dominic's from local Harrow schools remains high at just under 60% for the academic year 2017/18.

The vast majority of students at St Dominic's join with level 2 English and maths. In 2017/18 the College will continue to offer level 2 Maths and English for all students without this qualification. In 2016/17 the pass rate for maths was 91% (national average 27%) and for English 100% (national average 38%). In this new academic year 2017/18, there are 17 students re-sitting maths and 14 re-sitting English.

Applications for 2017 entry were up, with 2,500 received by the deadline. Offers were made to approximately 1,200 students and this has resulted in a cohort for the new academic year of 657 Year 1 students. In keeping with the Catholic mission of the College, around 50% of the students are from Catholic families.

Implementation of Strategic Plan (continued)

The College admission criteria supports applications from Catholic families and the criteria is agreed each year by the Diocesan board. This figure has been stable for the last three years.

Harrow continues to be one of the most ethnically diverse boroughs in London and the student population reflects this. In 2017/18 approximately 40% of the College's students were from Indian or other Asian backgrounds and 13% were African or Afro-Caribbean extraction. Approximately 32% of the cohort are defined as white British or white other.

The College attracts students from a large number of high schools. In 2017/18 students have enrolled from over 100 different feeder schools from across a wide geographical part of London and beyond. The College maintains strong links with the local Roman Catholic partner schools, The Sacred Heart Language College and Salvatorian College. In 2017, 180 students have enrolled from the partner schools, which equates to about 70% of their total Year 11 cohort.

The curriculum mainly comprises subjects at level 3 GCE AS and A level. A small amount of BTEC Diploma and Extended Diploma is offered as well. The Academic Board keep the curriculum under review and at present, about 75% of students in the current Year 12 are studying four subjects which will drop to three in Year 2. This is something that we are continuing to keep under review.

Attainment and achievement in the 2017 examination series at AS, BTEC and A2 was above national averages and continued the positive trend of recent years. There was little variation between linear and legacy results when compared with previous years. St Dominic's remains in the top Six Form Colleges nationally on the A* to B measure with 62% of students gaining three A* to B grades. 30% of students achieved A*/A grades in the 2017 examination series.

The College has been in the top 10% of Sixth Form Colleges nationally for retention on level 3 courses (students starting and completing courses) for over five years and in 2017 this was 100%. The College has the highest of expectations for all its students and sets them challenging targets in terms of value added (mtg +2/3 of a grade). Students with an ALIS of 7.3+ are targeted A* grades at A2.

For the final time, all year 1 students were entered for AS examinations last summer. Attainment was up 3% on 2016 at 97% A to E. Other measures were similar to 2016 – grade A, 26% and grades A to B, 49%. In the future, all year 1 students will sit University Predictor Examinations in May which will be the basis for UCAS applications the following September.

The A level results were above benchmark on all measures in terms of attainment and achievement and our projected L3VA score is +0.21. The achievement projection (not yet validated) is a significant improvement on the 2016 figure which was -0.07 and had been a focus for the last 12 months. The majority of departments were 'above the line' and demonstrated positive value added with only 8 showing no progress or a negative VA score.

Implementation of Strategic Plan (continued)

We have therefore judged the outcomes section of the SAR to be grade 1, 'outstanding' for this year given the notable improvement in the value added score and the above benchmark attainment results, an improvement on our grade 2 judgement of last year. The other judgements are also grade 1 in line with the criteria outlined in the Common Inspection Framework guidance of September 2017.

Andrew Parkin, Principal, has been in post 5 years, starting in January 2013. The current senior leadership team are experienced practitioners and were all in post when the new Principal was appointed with the exception of the Vice-Principal who joined in September 2013. Following a successful restructure in 2013/4, the team will continue with their roles in 2017/18 with only a few changes being made to line management responsibilities. There are eight members of the team, two of which are part-time.

The College sets targets for a range of performance indicators measured against past performance and national benchmarks. These targets are monitored at all levels from subject teams to the Governing Body, following the College's QA procedures. The Equality and Diversity Committee monitors the performance of students by gender, ethnicity, FSM, bursary, disability and learning needs.

The majority of students progress to Higher Education following a wide range of courses – 91% in 2017 with 45% going on to study at Russell Group universities.

The College Mission Statement (reviewed in 2015) states that we are 'committed to the personal and spiritual growth of all its members based on Christian values, academic excellence and high quality pastoral care'. All staff and students know this and live out this mission daily as part of the community of St Dominic's. It is central to all that we do within the College.

In January 2014 the College successfully bid for funds from the BCIF to extend and refurbish the College Library and Learning Centre. This work was completed in August 2015 and opened officially on 30 September 2015. The LLC completed a successful review in October 2016 which was carried out by the Head Librarian at Woodhouse Sixth Form College.

We are actively engaged with a wide range of partners and support/lead a number of national initiatives. We are a pathfinder college for Core Mathematics, with the first results coming through in summer 2017 (90% A to E), we are part of the lead group of schools and Colleges for the North West London Maths Hub through the St. Marylebone Teaching Alliance, we are a hub for languages through the Oliver Prior Society and we are in active partnerships with the following Schools and Sixth Form Colleges – Salvatorian College, Sacred Heart Language College, Woodhouse SFC, St. Charles SFC, Christ the King SFC, St Francis Xavier SFC, Queen Elizabeth SFC, Stockton SFC, St. Joseph's Primary, St. George's Primary, St. Robert Southwell, St Anselms and St. Joseph's Wembley.

Implementation of Strategic Plan (continued)

In the coming academic year the focus has to be on the long term future of St. Dominic's. Currently we are at maximum capacity in terms of student numbers and have no additional space to grow without extra classrooms. The long term viability of St. Dominic's is therefore in question without some significant capital investment and a secure plan going forward from the DfE to support this highly successful institution into the next decade.

Public benefit

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.

Financial objectives

The College's financial objectives are:

- ◆ to achieve an annual operating surplus;
- ◆ to further improve the College's shorter term liquidity;
- ◆ to pay all supplier invoices within 30 days or to their terms if shorter;
- ◆ to maintain the financial viability of the College; and
- ◆ to maintain at least 'Good' financial health.

Performance indicators

Learner success rates continue to be above benchmark. St Dominic's Sixth Form College is ranked fifth on the national College tables for A* to B at A2 level. The College forms one of the 10 members of the Maple Group, which consists of the top 10 Colleges in the country by A2 results.

Student achievements

Students continue to perform to a high standard. The 2014 Performance Tables produced by the Department for Education, show that St. Dominic's was the highest non-selective performing provider both in Harrow and in London West in terms of average points score per student.

Financial results

The financial results for 2016/17 reflect the increase in Lagged Funding as a result of an increase in student numbers from the 2015/16 financial year. The net increase in student numbers (1,216 (2016/17) – 1,120 (2015/16)) is 96, this represents an increase of 8.6% of the student roll. In terms of the ESFA funding allocation this has increased in 2016/17 by £449k however Formula Protection Funding has dropped by £120k resulting in a net increase in funding of £329k.

Operating and Financial Review for the year ended 31 July 2017

Financial results (continued)

Tangible fixed asset additions during the year amounted to £230k, this was split £38k land and buildings and £192k equipment. The £38k buildings addition was mainly attributable to the Learning and Resource Centre extension retention monies, the extension was opened on the 30 September 2015. The £192k of equipment additions was split £57k computer additions and £134k furniture and equipment of which over £80k was invested into a major upgrade on the kitchen equipment.

In September 2008 the College contracted an additional line of credit with Lloyds TSB Bank plc to help with the financing of the property strategy. Loans are repayable in quarterly instalments until July 2022. The principle funding source continues to be the Education Funding Agency: 94% 2016/17 (94% 2015/16) of total income.

Cash balances remain positive at £382k at 31 July 2017 which is down from £436k at July 2016, however creditors due within 1 year are £138k down on the previous year's figures and debtors due within 1 year are £8k up.

Future performance

Forecast operating results remain positive with a marginal increase in current student numbers, the Governing Board will have to consider whether to reduce the Curriculum offer to three A-Levels, a decision has been made to reduce AS exams in 2017/18 whereby students will only take 1 AS level for the subject they have dropped.

Principal risks and uncertainties

The College has reviewed the key risks (particularly funding) to which it is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The College is of the view that there is an ongoing process for identifying, evaluating and managing these significant risks which are presented to the Audit Committee, and insured where feasible. Not all risk and uncertainties are within the control of the College. Major risk categories that face the College are listed below.

- ◆ Future government funding cutbacks;
- ◆ Recruitment and retention of staff;
- ◆ Student recruitment targets; and
- ◆ Maintaining standards of estates and buildings.

Actions required to minimise the potential risk

- ◆ Government funding levels are beyond the College's control. Strict financial budgeting ensures that the College will be aware of the financial impact of government cutbacks well in advance and will aim to mitigate the drop in funding, this is however an unquantifiable amount.

Actions required to minimise the potential risk (continued)

- ◆ Teachers in Colleges are paid less than those in schools and as such, staff may be reluctant to join the College due to the variation in salary levels. We work with the various teacher training colleges in and around London as a means of recruiting staff and advertise in the TES to ensure national coverage for all vacant posts.
- ◆ The College has a target student recruitment number each year. If this is not achieved it will affect funding levels and may well affect results in the long term. The College has achieved excellent A Level results and is the second best in the country on A* to B grade results. This ensures healthy student recruitment and maintains the high calibre of incoming students to the College.
- ◆ Certain buildings on the estate fall into category C and D as classified by the Building Condition Improvement Fund (BCIF). These buildings require ongoing capital expenditure to maintain adequate teaching facilities at the College. As the BCIF was withdrawn from 2014/15 the College aims to maintain the standards of these buildings by making bids to the replacement scheme known as the Condition Improvement Fund (CIF). The CIF does not place unrealistic completion targets of the following March to complete the project which has been the case for the BCIF. However the CIF fund is open to Colleges and Academies and reduces our chances of a successful bid, so far we have had two unsuccessful bids.

Staff and student involvement

The College believes good communication with staff and students to be very important. There is an effective communication strategy, which includes all staff meetings, a daily staff bulletin, weekly staff briefing, and a Student Council. Formal representation of staff is through the recognised trade unions. In addition, members of staff are able to elect two staff Governors. There is also a regular student newsletter and two student representatives on the Governing Body. Each year students are invited to give feedback to the College through enrolment, induction and leaver satisfaction surveys.

Taxation

None of the College's activities fall to be charged to corporation tax.

Equal opportunities and employment of disabled persons

St. Dominic's Sixth Form College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, class and age. The College strives vigorously to remove conditions which place people at a disadvantage and will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis.

The College's Single Equality Policy is published on the College's website.

Equal opportunities and employment of disabled persons (continued)

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

Disability statement

The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Acts 2001 and 2005.

- a) As part of its accommodation strategy the College updated its access audit. The College considers access matters at the Estates and Risk Management Team Meetings (reporting to the Finance and General Purposes Committee). The Estates and Risk Management Team provides information, advice and arranges support where necessary for students with disabilities.
- b) There is a list of specialist equipment, which the College can make available for use by students and a range of assistive technology is available in the learning centre. Any equipment not held by the College required by a disabled person will be sourced and provided so long as the person remains at the College.
- c) The admissions policy allows for appeals against a decision not to offer a place which are dealt with under the appropriate appeals process.
- d) The College has made a significant investment in the appointment of specialist staff to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- e) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.

Operating and Financial Review for the year ended 31 July 2017

Disclosure of information to auditors

The members of the Governing Body 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 they 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.

Signed on behalf of the Board on 7 December 2017

P A Freely
Chair – Board of Governors

Statement of Corporate Governance and Internal Control 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:

- ◆ In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ◆ In full accordance with the guidance to colleges from the Association of Colleges in The English Colleges' Foundation Code of Governance ("the Foundation Code"); and
- ◆ Having due regard to the UK Corporate Governance Code ("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 in particular the Governing Body has adopted and complied with the Foundation Code. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the Governors, the College complies with all the provisions of the Foundation Code, and it has complied throughout the year ended 31 July 2017. 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. In carrying out its responsibilities, it takes full account of The English Colleges' Foundation Code of Governance issued by the Association of Colleges in December 2011, which it formally adopted in August 2012.

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.

Statement of Corporate Governance and Internal Control 31 July 2017

The Governing Body

The members who served on the Governing Body during the year and up to the date of approval of the financial statements were:

NAME	DATE OF APPOINTMENT	CURRENT TERM OF OFFICE EXPIRES	STATUS OF APPOINTMENT	COMMITTEE MEMBERSHIP	ATTENDANCE
Anthony Aldridge	Re-appointed 01.09.14	31.08.18	Foundation Member	Vice-Chair: Governors Remuneration Search Finance & General Purposes	9 of 11
Denis Argent	Re-appointed 01.09.14	31.08.18	Foundation Member	Chair: Audit	3 of 6
Rosemarie Beynon	Re-appointed 01.09.14	31.08.18	Foundation Member	Catholicity & Curriculum Quality & Standards	6 of 11
Ian Rogers	Re-appointed 01.09.17	31.08.21	Foundation Member	Finance and General Purposes Audit from 17.09.16	9 of 10
Susan Firth	Re-appointed 01.01.14	31.12.17	Staff Member	Audit Quality & Standards	8 of 10
Ola Fajobi	Re-appointed 01.09.17	31.08.19	Co-opted Member	Quality & Standards	5 of 8
Julie Duggan	02.09.15	31.12.17	Staff Member	Quality and Standards Audit	9 of 10
Patrick Freely	Re-appointed 01.09.14	31.08.18	Foundation Member	Chair: Governing Body Finance & General Purposes Chair: Remuneration Chair: Search	10 of 11
Andrew Parkin	01.01.13	Duration	Principal	All Committees (except Audit/Remuneration)	12 of 17
Paula Eavis	Re-appointed 01.09.17	31.08.19	Co-opted Member	Finance & General Purposes HR (Chair)	7 of 8
David Martin	Re-appointed 14.04.17	13.04.21	Foundation Member	Finance & General Purposes (Chair) Remuneration	9 of 9
James O'Flynn	Re-appointed 01.09.16	31.08.20	Foundation Member	Quality & Standards Audit	8 of 10
Neville Ransley	Re-appointed 01.01.17	31.08.21	Foundation Member	Chair: Quality & Standards Search	10 of 10
The Rev James Neal	01.09.15	01.08.18	Foundation Member		3 of 4
Honor Beck	01.09.14	01.08.18	Foundation Member	Catholicity & Curriculum HR	7 of 7
Christopher Moseley	01.09.14	01.08.18	Foundation Member	Finance & General Purposes Remuneration	8 of 9
Anne O'Shea	01.09.14	01.08.18	Foundation Member	Chair: Catholicity & Curriculum	7 of 7
Maura Coumbe	10.03.16	31.08.19	Foundation Member	Audit	6 of 6
Chinma Udo Johnson-Nwosu	01.01.16	31.12.16	Student Member	Catholicity & Curriculum	3 of 3
Ahmed Mohamed	01.01.16	31.12.16	Student Member	Catholicity & Curriculum	0 of 3
Ababil Tahir	01.01.17	31.12.17	Student Member	Catholicity & Curriculum	3 of 4
Deborah Perdoni	01.01.17	31.12.17	Student Member	Catholicity & Curriculum	3 of 4
External Members					
Eddie Griffiths	Annual Appt.		External Member	Audit	

Additionally the following Students were appointed as Observers to the Quality and Standards Committee

- ◆ 2016/2017 Ryan Hack and Payal Shah

The Governing Body (continued)

The Board of Governors conducts its business through a number of committees. Each committee has terms of reference that have been approved by the Board. These committees are Finance & General Purposes, Remuneration, Search, Audit, Quality & Standards and Catholicity & Curriculum. Full minutes of all meetings, except those deemed to be confidential by the Board, are available from the Clerk to the Governors.

The Clerk to the Board of Governors maintains a register of financial and personal interests of the Governors and Senior Post Holders. 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 Board of Governors, 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 Board 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 Board has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Board considers that each of its non-executive members is independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. There is a clear division of responsibility in that the roles of the Chairman and Principal are separate.

Appointments to the Board

Any new appointments of Foundation Governors to the Board are a matter for the consideration of the Diocese of Westminster and as to other Governors, the Board as a whole. The Board has a Search Committee, consisting of four members, which is responsible for the selection and nomination of any new member. The Board is responsible for ensuring that appropriate training is provided as required. Members of the Board are appointed for a term of office not exceeding four years.

Remuneration Committee

Throughout the year ended 31 July 2017, the College's Remuneration Committee comprised three members. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other Senior Post Holders. Details of remuneration for the year ended 31 July 2017 are set out in note 7 to the financial statements.

Audit Committee

The Audit Committee comprises five members (excluding the Principal and Chair). The Committee operates in accordance with written terms of reference approved by the Board. The Audit Committee meets twice a year and provides a forum for reporting by the College's 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 ESFA as they affect the College's business.

Audit Committee (continued)

The Audit Committee has dispensed with internal audit as this is no longer a requirement and has instead targeted specific areas within the College that will be subject to an audit by an external body. Management is responsible for the implementation of agreed audit recommendations. The Audit Committee also advises the Board on the appointment of regularity and financial statements auditors and their remuneration for both audit and non-audit work.

Internal control

Scope of responsibility

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

The purpose of the system of internal control

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

Capacity to handle risk

The Board 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 Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the year ended 31 July 2017 and up to the date of approval of the annual report and financial statements. The process is regularly reviewed by the Board.

Internal control (continued)

The risk and control framework

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

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

St. Dominic's Sixth Form College has not appointed an internal audit service for the year ended 31 July 2017. For that year, the College management and Governors have assessed the internal controls and developed a Board Assurance Framework, clearly showing the mapping of assurance sources against the risks identified. The College analysed the risks to which it was exposed and a programme of assurance was agreed with the Audit Committee. The Committee was provided with regular reports on this assurance activity in the College which included:

- ◆ Health and Safety; and
- ◆ Fire Safety.

Review of effectiveness

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

- ◆ the work of the internal auditors, where applicable;
- ◆ 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 auditor and the regularity reporting accountant in their management letters and other reports.

Internal control (continued)

Review of effectiveness

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

The Senior Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Leadership Team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Leadership Team and the Audit Committee.

The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2017 meeting, the Board of Governors carried out the annual assessment for the year ended 31 July 2017 by considering documentation from the Senior Leadership Team, and taking account of events since 31 July 2017.

Based on the advice of the Audit Committee and the Principal, the Governing Body 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

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

P A Freely
Chair – Board of Governors
7 December 2017

A Parkin
Principal
7 December 2017

Governing Body's statement on the College's regularity, propriety and compliance with ESFA terms and conditions of funding 31 July 2017

The Board of Governors 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 financial memorandum 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 Financial Memorandum.

We confirm, on behalf of the Governing Body, 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 financial memorandum.

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

P A Freely
Chair – Board of Governors
7 December 2017

A Parkin
Principal
7 December 2017

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

Within the terms and conditions of the Funding Agreement between the Education and Skills Funding Agency and the Board of Governors of the College, the Board of Governors, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education and with the College Accounts Direction 2016 to 2017 issued jointly by the Education and Skills Funding Agency, and which give a true and fair view of the state of affairs of the College and the result for that year.

In preparing the financial statements, the Board 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;
- ◆ prepare an Operating and Financial Review which describes what it is trying to do and how it is going to achieve it, including the legal and administrative status of the College.

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

The maintenance and integrity of the College website is the responsibility of the Board of Governors 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.

Statement of responsibilities of the Members of the Governing Body 31 July 2017

Members of the Board 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 Financial Memorandum with the ESFA and any other conditions that may be prescribed from time to time. Members of the Board 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 Board 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 by the ESFA are not put at risk.

Signed on behalf of the Board of Governors on 7 December 2017

P A Freely
Chair – Board of Governors

Independent auditor's report to the Governors of St Dominic's Sixth Form College

Opinion

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

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

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 its deficit 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ◆ the Governing Body's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ◆ the Governing Body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the College's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Governing Body are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 in relation to which the Post 16 Code of Practice issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

Responsibilities of the Governing Body

As explained more fully in the statement of responsibilities of members of the Governing Body, the Governing Body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the governors 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 Governing Body 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 governors 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Reporting Accountant's Assurance Report on Regularity to the Board of Governors of St Dominic's Sixth Form College and Secretary of State for Education year to 31 July 2017

In accordance with the terms of our engagement letter dated 28 April 2016 and further to the requirements of the funding agreement with Education and Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by St Dominic's Sixth Form College during the period 1 August 2016 to 31 July 2017 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

This report is made solely to the Board of Governors of St Dominic's Sixth Form College and 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 Board of Governors of St Dominic's Sixth Form College and 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 St Dominic's Sixth Form College and Education and Skills Funding Agency for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of St Dominic's Sixth Form College and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the 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.

Reporting Accountant's Assurance Report on Regularity to the Board of Governors of St Dominic's Sixth Form College and Secretary of State for Education year to 31 July 2017

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 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.

Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Statement of Comprehensive Income Year to 31 July 2017

	Notes	£	£
Income			
Funding body grants	2	6,089	5,777
Fees and recharges	3	36	76
Other grants and contracts	4	130	280
Other income	5	368	324
Endowment and investment income	6	—	6
Total income		6,623	6,463
Expenditure			
Staff costs	7	4,804	4,507
Other operating expenses	8	1,374	1,366
Depreciation	10	463	467
Interest and other finance costs	9	62	71
Total expenditure		6,703	6,411
(Deficit)/surplus before tax		(80)	52
Taxation		—	—
(Deficit)/surplus for the year		(80)	52
Actuarial gain (loss) in respect of pension schemes	21	833	(184)
Total Comprehensive Income for the year		753	(132)
Represented by:			
Unrestricted comprehensive income		753	(132)

Statement of Changes in Reserves Year to 31 July 2017

	Income and Expenditure accou	Revaluation Reserv £	£
Balance at 1 August 2015			
Surplus from the income and expenditure account			
Other comprehensive income			
Transfers between revaluation and income and expenditure reserves			
Total comprehensive income for the year			
Balance at 31 July 2016			
Deficit from the income and expenditure account			
Other comprehensive income			
Transfers between revaluation and income and expenditure reserves			
Total comprehensive income for the year			
Balance at 31 July 2017			

Balance sheet as at 31 July 2017

	Notes	£	£
Fixed assets			
Tangible fixed assets	10	<u>11,338</u>	11,571
		<u>11,338</u>	<u>11,571</u>
Current assets			
Trade and other receivables	11		80
Cash and cash equivalents	16	<u>38</u>	436
		<u>47</u>	<u>516</u>
Less: Creditors – amounts falling due within one year	12	(688)	(826)
Net current liabilities		<u>(218)</u>	<u>(310)</u>
Total assets less current liabilities		11,120	11,261
Less: Creditors – amounts falling due after more than one year	13	(5,411)	(5,655)
Provisions			
Defined benefit obligations	21	(878)	(1,528)
Total net assets		<u>4,831</u>	<u>4,078</u>
Unrestricted reserves			
Income and expenditure account		2,931	2,128
Revaluation reserve		1,900	1,950
Total unrestricted reserves		<u>4,831</u>	<u>4,078</u>

The financial statements of pages 26 to 44 were approved and authorised for issue by the Board of Governors on 7 December 2017 and were signed on its behalf on that date by:

Patrick Freely
Chair

Andrew Parkin
Accounting Officer

Statement of cash flows Year ended 31 July 2017

	Notes	2017 £'	2016 £'
Cash flows from operating activities			
(Deficit)/surplus for the year		(8)	52
Adjustment for non cash items			
Depreciation		46	467
(Increase)/decrease in debtors			32
Decrease in creditors due within one year		(138)	(50)
Decrease in creditors due after one year		(165)	(272)
Pension costs less contributions payable		18	159
Adjustment for investing or financing activities			
Investment income			(6)
Interest payable			27
Net cash flow from operating activities		27	409
Cash flows from investing activities			
Investment income			6
Payments made to acquire fixed assets		(230)	(467)
		(230)	(461)
Cash flows from financing activities			
Interest paid		(2)	(27)
Repayments of amounts borrowed		(7)	(64)
		(103)	(91)
Decrease in cash and cash equivalents in the year		(5)	(143)
Cash and cash equivalents at 1 August 2016	16	43	579
Cash and cash equivalents at 3 July 2017	16	38	436

1 Accounting policies

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting 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” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

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

Going Concern

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

The College's management accounts for the year ended 31 July 2017 showed a surplus of £153,000 which included the £50,000 transfer from revaluation reserve. However, the Local Government Pension Scheme adjustments of £183,000 have resulted in deficit for the year to £80,000. The triennial valuation for the LGPS has marginally increased from 20.9% to 21.2% however the scheme had an actuarial gain of £833,000 which has reduced the deficit by over 50%.

The College has forecast a surplus budget for the next four years and the demand to enter St Dominic's remains as high as ever with four times the level of applications to get a place at the College. In addition, the College has been awarded the Sunday Times Sixth Form College of the year for 2017 which will ensure that high demand for a place remains.

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

1 Accounting policies (continued)

Recognition of income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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.

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

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

Post retirement benefits

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

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

1 Accounting policies (continued)

Post retirement benefits (continued)

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

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

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 are held in trust by the Roman Catholic Diocese of Westminster and 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. Buildings improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of 50 years.

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

1 Accounting policies (continued)

Tangible fixed assets (continued)

Land and buildings (continued)

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 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 it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

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

Equipment

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

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

Computers and related equipment	4 years
All other furniture and equipment	4 and 10 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 capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

1 Accounting policies (continued)

Leased assets

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

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.

Taxation

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

The College is not registered for Value Added Tax, so it cannot recover any VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Provisions

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

Agency arrangements

The College acts as an agent in the collection and payment of Discretionary Learner Support Funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 23, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant.

2 Funding council grants

	2017 £'000	2016 £'000
Recurrent grants		
Education and Skills Funding Agency – 16 to 18 funding	5,857	5,529
Specific grants		
Releases of government capital grants	232	248
Total	6,089	5,777

3 Fees and recharges

	2017 £'000	2016 £'000
Exam fees	36	76
Total	36	76

4 Other grants and contracts

	2017 £'000	2016 £'000
Other grants and contracts	130	280
Total	130	280

5 Other income

	£	2016 £'000
Catering and residences		
Other grant income		
Miscellaneous income		
Total		

6 Investment income

	£	2016 £'000
Other interest receivable		

7 Staff costs

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

	2017	2016
Teaching staff	59	56
Non teaching staff	42	41
Total	101	97

7 Staff costs (continued)

Staff costs for the above persons

	2017 £'0	2016 £'0
Wages and salaries	3,668	3,495
Social security costs	364	296
Other pension costs	772	698
Payroll sub total	4,804	4,489
Contracted out staffing services	—	18
	4,804	4,507

Key management personal

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 individuals listed on page 2. Staff costs include compensation paid to key management personnel for loss of office.

	2017	2016
The number of key management personal including the Accounting Officer was:		

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

	Key management personnel		Other staff	
	2017	2016	2017	2016
£50,001 to £60,000	3	2	—	—
£60,001 to £70,000	3	3	—	—
£70,001 to £80,000	1	1	—	—
£100,001 to £110,000	1	1	—	—
	8	7	—	—

Key management personnel compensation is made up as follows:

	2017 £'0	2016 £'0
Salaries	4	5
Employers National Insurance		
Benefits in kind		
	5	5
Pension contributions		
Total contributions	6	6

Notes to the financial statements Year to 31 July 2017

7 Staff costs (continued)

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

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

	2017 £'000	2016 £'000
Salaries		
Benefits in kind		
	<u>1</u>	<u>1</u>
Pension contributions		

8 Other operating expenses

	2017 £'000	2016 £'000
Teaching costs	7	5
Non teaching costs	3	5
Premises costs	2	2
Total	<u>1,374</u>	<u>1,369</u>

	2017 £'000	2016 £'000
Auditor's remuneration:		
· Financial statements audit		
Hire of assets under operating leases		

9 Interest payable

	2017 £'000	2016 £'000
On bank loans, overdrafts and other loans		
Pension finance costs (note 21)		
Total		

Notes to the financial statements Year to 31 July 2017

10 Tangible fixed assets

	Land and building Freehold £'000	Equipment £	Tot £'00
Cost or valuation			
At 1 August 2016	13,179	3,609	16,788
Additions		1	2
Disposals		(1,928)	(1,928)
At 31 July 2017	13,217	1,873	15,090
Depreciation			
At 1 August 2016	2,344	2,873	5,217
Charge for the year	2	1	4
Elimination in respect of disposals		(1,928)	(1,928)
At 31 July 2017	2,606	1,146	3,752
Net book value at 31 July 2017	10,608	7	11,338
Net book value at 31 July 2016	10,835	7	11,571

11 Debtors

	2017 £'000	2016 £'000
Trade receivables		
Payments and accrued income		
Total		

12 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Bank loans (note 14)		
Trade payables	1	1
Other taxation and social security		
Accruals and deferred income	1	2
Deferred income – government capital grants	2	2
Total	6	8

13 Creditors: amounts falling due after one year

	2017 £'000	2016 £'000
Bank loans (note 14)	3	4
Student deposits		
Deferred income – government capital grants	5,000	5,210
Total	5,413	5,654

14 Maturity of debt

Bank loans

Bank loans are repayable as:

	2017 £'000	2016 £'000
In one year or less		
Between one and two years		
Between two and five years	2	2
In five years or more		1
Total	4	5

15 Provisions

	Define benefit obligations £	Tot £'00
At 1 August 2016	1,521	1,521
Expenditure in the period	1	1
Transferred from income and expenditure account	(83)	(83)
At 1 July 2017	8	8

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in note 21.

16 Cash and cash equivalents

	August 2017 £'000	Cash flows £	At 31 July 2017 £'000
Cash and cash equivalents	4	(1)	3
Total	4	(1)	3

17 Capital commitments

	2017 £'000	2016 £'000
Commitments contracted for at 31 July		

18 Lease obligations

At 31 July 2017 the College had minimum lease payments under non-cancellable operating leases as follows:

	2017 £'000	2016 £'000
Other		
Not later than one year		
Later than one year and not later than five years		

19 Contingent liabilities

There are no contingent liabilities.

20 Events after the reporting period

There are no events after the reporting period.

21 Defined benefit obligations

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

	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Teachers' Pension Scheme: contributions paid		4		3
Local Government Pension Scheme:				
Contributions paid	226		2	
FRS 102 (28) charge	145		1	
Charge to the Statement of Comprehensive Income		3		3
Total pension cost (note 7)		7		6

21 Defined benefit obligations (continued)

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

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

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

- ◆ employer contribution rates were set at 16.48% of pensionable pay;
- ◆ total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of

21 Defined benefit obligations (continued)

Valuation of the Teachers' Pension Scheme

- ◆ £176.6 billion, giving a notional past service deficit of £14.9 billion;
- ◆ an employer cost cap of 10.9% of pensionable pay.

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

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

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

Scheme changes

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

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

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

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

The pension costs paid to TPS in the year amounted to £401,000 (2016: £368,000).

FRS 102 (28)

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

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

21 Defined benefit obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Harrow Local Authority. The total contribution made for the year ended 31 July 2017 was £293,000 of which employer's contributions totalled £226,000 and employees' contributions totalled £67,000. The agreed contribution rates for future years are 21.2 % for employers and range from 5.5% to 7.5% cent for employees, depending on salary.

Principal Actuarial Assumptions

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 independent actuary.

	At 31 July 2017 £'000	At 31 July 2016 £'000
Rate of increase in salaries	2.8	3.4
Future pensions increases	2.5	1.9
Discount rate for scheme liabilities	2.7	2.4
Inflation assumption (CPI)	3.4	3.6
Commutation of pensions to lump sums	1	1

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

	At 31 July 2017 £'000	At 31 July 2016 £'000
<i>Retiring today</i>		
Males	2	2
Females	2	2
<i>Retiring in 20 years</i>		
Males	2	2
Females	2	2

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

	Fair value at 31 July 2017 £'000	Fair value at 31 July 2016 £'000
Equities	4,211	3,850
Bonds	6	6
Property	4	3
Cash	2	-
Total market value of assets	5,543	4,879
Weighted average expected long term rate of return	4.5%	4.5%
Actual return on plan assets	£364,000	£395,000

21 Defined benefit obligations (continued)

Local Government Pension Scheme (continued)

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

	201 £'000	201 £'000
Fair value of plan assets	5,541	4,871
Present value of plan liabilities	(6,421)	(6,401)
Net pension liability (note 15)	(87)	(1,528)

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

	201 £'000	201 £'000
Amounts included in staff costs		
Current service cost	3	3
Total	3	3
Amounts included in interest and other finance costs		
Net interest charge		
Amounts recognised in other comprehensive income		
Return on pension plan assets	3	3
Experience losses arising on defined benefit obligations	4	(57)
Amount recognised in Other Comprehensive Income	8	(18)

Movement in net defined benefit liability during the year

	201 £'000	201 £'000
Deficit in scheme at 1 August	(1,528)	(1,185)
Movement in year:		
. Current service cost	(37)	(33)
. Employer contributions	2	2
. Net interest on the defined (liability)/asset	((
. Actuarial gain (loss)	8	(18)
Net defined benefit liability at 31 July	(87)	(1,528)

21 Defined benefit obligations (continued)

Local Government Pension Scheme (continued)

Asset and Liability Reconciliation

	201 £'000	201 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at 1 August	6,401	5,331
Current service cost	3	3
Interest cost	1	1
Contributions by Scheme participants		
Experience gains and losses on defined benefit obligations	(46)	5
Estimated benefits paid	(10)	(10)
Defined benefit obligations at 31 July	6,421	6,401
Reconciliation of assets		
Fair value of plan assets at 1 August	4,871	4,151
Interest on plan assets	1	1
Return on plan assets	3	3
Employer contributions	2	2
Contribution by Scheme participants		
Estimated benefits paid	(10)	(10)
Assets at 31 July	5,541	4,871

22 Related party transactions

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

23 Amounts disbursed as agent

Learner support funds

	201 £'000	201 £'000
Funding body grants – bursary support	1	1
	1	1
Disbursed to students	(12)	(10)
Administration costs		
Balance unspent as at 31 July, included in creditors		

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