
REPORT AND FINANCIAL STATEMENTS

Worcester Sixth Form College

Key Management Personnel, Board of Governors and Professional Advisers

Key management personnel

Key management personnel are defined as members of the Senior Management Team and were represented by the following in 2018/19:

Edward Senior	Principal (appointed Interim Principal 1 st September 2018)
Ruth Scotson	Deputy Principal (seconded to Interim Deputy Principal 1 st September 2018)
Barbara Clements	Finance Manager

Board of Governors

A full list of Governors is given on pages 12-13 of these financial statements.
Mrs Joanna Payne acted as Clerk to the Corporation throughout the period.

Professional Advisers

Financial statements auditors and reporting accountants:

RSM UK Audit LLP
St Philips Point
Temple Row
Birmingham
B2 5AF

Internal Auditors

Kendall Wadley
Granta Lodge
71 Graham Road
Malvern
WR14 2JS

Bankers

Lloyds Bank plc
Large Corporate Birmingham
2nd Floor
125 Colmore Row
Birmingham
B3 3SF

Solicitors

HallmarkHulme
3-5 Sansome Place
Worcester
WR1 1UQ

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WORCESTER SIXTH FORM COLLEGE

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REPORT AND FINANCIAL STATEMENTS

WORCESTER SIXTH FORM COLLEGE

Report and Financial Statements for the period ended 1 April 2019

OPERATING AND FINANCIAL REVIEW

NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statements for the period ended 1 April 2019.

Legal Status

Under the Further and Higher Education Act of 1992, the College became an independent further education corporation on 1 April 1993. The College is an exempt charity for the purposes of the Charities Act 2011 and is not liable to corporation tax on its educational activities.

The College is not registered for VAT as its main activity of providing education is exempt and non-educational trading income is below the registration limit.

Mission

Worcester Sixth Form College is an open access college that provides a wide range of high quality courses to support individual students in achieving their full potential in learning. In particular, the College meets the needs of learners from Worcestershire and adjacent areas aged 16-19, 14-16 year olds in partnership with local schools, and adults returning to education.

Our commitment is to:

- Provide an outstanding range of learning opportunities of the highest quality so as to attract a growing number of students;
- Provide the highest quality support and guidance for students;
- Set the highest standards for the recruitment and development of staff;
- Aspire to the highest standards for the resources and management of the College.

Public Benefit

Worcester Sixth Form College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education for Sixth Form Colleges. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 12-13.

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit. The delivery of this public benefit is covered throughout the members report/operating and financial review.

Public benefits that have been delivered include:

- High quality teaching;
- High rates of student satisfaction;
- High success rates;

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- High quality pastoral support for students;
- The ability for adults returning to education to improve their qualifications and employability;
- Contribution to the local and national economy through enhancing students' skills and qualifications;
- High rates of progression to higher education, employment and apprenticeships.

Implementation of strategic plan

The College has a Quality and Development plan and a two-year financial plan, which is updated on an annual basis. A property strategy is also in place and this too is updated on a regular basis. The Quality and Development plan is mapped against the College's Strategic Aims which are:

- Providing an outstanding range of learning opportunities of the highest quality so as to attract a growing number of students;
- Providing the highest quality support and guidance for students;
- Setting the highest standards for the recruitment and development of staff;
- Aspiring to the highest standards for the resources and management of the College.

Each of the above strategic aims is broken down into a number of individual targets. The Corporation uses the development plan and related documents to monitor the performance of the College.

Results of Key Performance Indicators used by the College are:

<i>KPI</i>	<i>Benchmark</i>	<i>College Actual (2017-18)</i>
College Retention	93.7%	93.1%
A Level Success Rates	87.0%	87.7%
A Level Pass Rate	97.6%	98.5%

Performance indicators

The College is committed to observing the importance of sector measures and indicators. Of particular note in relation to financial performance is the 'Financial Health' rating related to the Finance Record, together with the associated benchmarking data, and is monitoring these through the completion of the annual Finance Record for the Education and Skills Funding Agency (ESFA).

Financial objectives

The College's key financial objectives are:

- Maintain a sound financial base (solvency and liquidity);
- Improving financial management by producing management accounts each month;
- Strengthening procedures for testing the desirability and affordability of any proposal which has a financial implication;
- Look at introducing post-implementation review procedures to assess the success or otherwise of recent major investment in building and IT;
- Maintain the confidence of funding bodies, suppliers and professional advisors;
- Raising awareness of financial issues;
- Improving the College estate and equipment.

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FINANCIAL POSITION

Financial results

The College made an operating deficit of £10,000 after depreciation of assets and tax in the period to March 2019 and before accounting for the transfer of assets and liabilities to the Heart of Mercia Multi Academy Trust compared to a deficit of £640,000 for the year ended 31 July 2018. *These figures are stated after adjusting the income and expenditure account for the impact of Financial Reporting Standard 102 (FRS 102) Pensions (see Note 19). Before these adjustments, there was an operating surplus of £124,000 (31 July 2018: deficit of £365,000).*

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In the period, the FE funding bodies provided 89% of the College's total income.

Capital Expenditure

Expenditure on capital equipment totalled £28,000. This includes £25,000 relating to the resurfacing of the netball courts which will now be able to be utilised for lettings going forward.

Revenue Expenditure

Revenue expenditure in the period on improvements to, and development of, the College building included:

- £99,000 on planned maintenance;
- £82,000 on projects such as netball court lighting, improvements to security and car park layout (utilising some of the "Little Extras" funding received mid year);
- And £93,000 on maintenance of premises.

In addition to the above, revenue expenditure also included:

- £500 (2017-18: £3,000) was spent on teaching related furniture.

Cash Balances and Liquidity

Debt servicing during the period amounted to £722,000 (£709,000 repayments of capital; £13,000 interest) with the loan being cleared with Lloyds in March. Net cash outflows on fixed assets were £28,000.

College Fund

College Fund has a number of purposes, the most significant of which was to act as the conduit through which trips are organised. New students are asked to make a contribution of £10, which covers them for their stay at the College. Students are also asked to make a payment of £37 'caution money' as a deposit against the loss or damage of College property; the contribution has remained the same since September 2008 but now includes a non-refundable printer credit of £7. Students are also asked to pay an extra £13 for a contribution to the Broadband upgrade. The balance of £30 is returned in full where all property is returned.

Treasury policies and objectives

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

The College has a separate treasury management policy in place.

All borrowing requires the authorisation of the Corporation and must comply with the requirements of the Financial Memorandum agreed with the ESFA.

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CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

The funding of the College is based directly on student numbers with a funding agreement negotiated between the College and the relevant funding bodies under which it is agreed that a particular level of activity will be funded.

In the period, the College delivered activity that produced £3,779,000 (part year) in recurrent funding compared to £5,876,000 in 2017-18. £3,739,000 (2017-18: £5,811,000) was received from the Education and Skills Funding Agency (ESFA) for 16-18 provision and £40,000 (2017-18: £65,000) for 19+ provision.

Students aged 16-19

The majority of students attending the College are full time students aged 16-19. The table below summarises the enrolments for the three years from September 2016. The figures for enrolments in 2018-19 were submitted via the ILR on 18th October 2018.

	2016-17	2017-18	2018-19
	23/11/2016	17/10/17	06/12/18
Total	1463	1366	1334

Full time adult students

The number of full-time adult (19+) students who completed the academic year 2017-18 were 9 Daytime Students and 9 Access Students. There were also 4 Pre Access students who completed the academic year. There are 10 Daytime students and 14 Access students currently enrolled in 18-19.

Evening class programme

The College continues to offer a range of part time courses mainly in the evening but also during the day. A total of 94 students completed these courses in 2017-18. A total of 137 students are enrolled on courses in 2018-19 (November 2017: 207). The ongoing viability of the part time and evening programme is closely monitored.

Student achievements

Students on A level courses achieved a pass rate of 98.5% in the period (2016-17: 98.3%) compared to the national average of 97.6% (2016-17: 97.9%).

In 2017-18 success rates remained high at 87.7%.

Curriculum developments

The College continued to offer a wide choice of daytime Advanced Level and vocational courses during 2018-19. A limited range of individual GCSE and Level 2 vocational subjects that can be integrated into other programmes of study are also offered.

Payment policy

Creditors are normally paid within 30 days of the date of receipt of invoice.

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Going concern

On 1 April 2019, the net assets of the College were transferred to the Heart of Mercia Multi Academy Trust. The College from this point will be dormant and will be wound up in due course. These accounts are therefore prepared on the basis that the College is not a going concern.

RESOURCES

The College has various resources that it can deploy in pursuit of its strategic objectives; tangible resources include the main college site.

Financial

The College held £3,769,000 of net assets (including £2,724,000 pension liability and £4,510,000 Government Capital Grants which are now accounted for as a Creditor) and loan funding prior to the transfer of assets and liabilities.

In addition to the assets owned by the College and shown on the Balance Sheet, the College shares the use of the adjacent Nunnery Wood Sports Centre and the associated all-weather sporting facility, as defined in the management agreements. As part of this arrangement, all parties have a responsibility to contribute to the ongoing and future running and maintenance costs as they arise.

People

The College employs 114 people (expressed as full-time equivalents) (2017-18: 125), of whom 59 (2017-18: 66) are direct teaching staff.

Reputation

The College has a good reputation locally and nationally. Maintaining this reputation is key to the College's success in attracting students and developing and maintaining external relationships.

PRINCIPAL RISKS AND UNCERTAINTIES:

The College continues 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 Management Team continuously reviews 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.

An annual Risk Management Report is produced and approved by the Corporation. The Senior Management Team will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at the College level. Risks identified are allocated to one or more of the Committees of the Corporation as appropriate and each Committee reviews the allocated risks at each meeting. The Audit Committee reviews the Annual Report and recommends it to the Corporation for approval on an annual basis.

The Audit Committee and Governing Body have approved an Assurance Map showing key assurances in place for each risk and the Audit Committee is responsible for monitoring this.

The risk management process is supported by internal communication to raise awareness of risk throughout the College. Training is provided to both staff and governing body members as and when appropriate.

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.

- **Funding**

The College relies very significantly on continued government funding, which provides the majority of College income, approximately 89% in the period, received via the Education and Skills Funding Agency (ESFA).

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. Funding per 16-19 year old student has fallen from approximately £4,500 per student in 2010/11 to roughly £4,000 per student now. This has been as the result of government reductions in the funding available for 16-19 education as well as the introduction of a new funding mechanism based on student hours (with a cap) rather than qualifications. It is anticipated that funding will remain at this level until 2020, meaning that further real term reductions will occur.

Both the level of funding and the timing of changes can adversely affect the College. The College works with other colleges and with representative bodies, including the Sixth Form Colleges Association and the Association of Colleges, to ensure adverse effects of any changes are mitigated as far as is possible. Clearly a reduction in funding per student can have an adverse impact on the quality of provision.

From September 2012 the student timetable for full time students was altered. One effect of this change was to reduce the teaching time per block from 4 hours 40 minutes to 4 hours 20 minutes (subsequently reduced to 4 hours 15 minutes), meaning that students have less time in direct contact with a teacher. The financial benefit of this is to reduce staff costs, thereby improving the long-term financial viability of the College.

The detailed arrangements were amended again from September 2014 to allow for three longer blocks of teaching with a view to improving the quality of teaching and learning and reducing overcrowding in communal areas.

The Senior Management Team reviews the adult and evening class programme offered by the College on a regular basis and following these reviews decided to continue to offer courses in 2018-19. A limited range of evening courses continued to be offered in 2018-19 on one evening per week, as in 2017-18.

- **College buildings and capital development**

The importance of accommodation that is sufficient and fit for purpose is well recognised by the College. The current College building was opened in 1964 was fully over-clad and all windows replaced between 2010 and 2012, resulting in major improvements in the quality of the internal accommodation. The first phase of a Science Centre was largely completed during 2013-14 and the facilities are now in use. The College recognises however, that facilities have to continue to be of a high quality and fit for purpose in order to attract students and staff and to provide a high quality education for those attending.

The College will continue to develop plans for the improvement of existing facilities and for additional facilities where appropriate whilst also considering the risks relating to any projects that are undertaken.

- **Competition from other institutions**

The risk from other schools and colleges is recognised in the College Risk Register. In particular, the risk from local 11-16 schools wishing to expand into sixth form provision has been noted.

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- **Maintain adequate funding of pension liabilities**

The financial statements report the share of the pension scheme deficit on the College's balance sheet in line with the requirements of FRS 102. The College contributed to the shortfall on the pension pot, and contributions to the pension increased to mitigate the shortfall.

STAKEHOLDER RELATIONSHIPS

In line with other colleges, the College has many stakeholders. These include:

- Students;
- Staff;
- Education Sector Funding Bodies such as the ESFA;
- Sixth Form Colleges Commissioner;
- Local employers;
- Local authorities;
- Government Offices/ Regional Development Agencies;
- The local community;
- Other Further Education institutions;
- Trade unions;
- Professional bodies;
- Local partner schools and other schools in the area.

The College recognises the importance of these relationships and engages in regular communication with them through a wide range of methods including regular meetings and by use of the College Internet site.

Trade Union Facility Time (data covers 1st April 2017-31st March 2018)

Relevant Union Officials

Number of Employees who were relevant Union officials during the relevant period	Full-time equivalent employee number
4	124.2

Percentage of time spent on facility time

Percentage of time %	Number of employees
0	4
1-50	-
51-99	-
100	-

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Percentage of pay bill spent on facility time

Provide the total cost of facility time	£7,952
Provide the total pay bill	£5,130,086
Provide the percentage of the total pay bill spent on facility time calculated as: (total cost of facility time / total pay bill) x100	0.15%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on trade union activities by relevant union officials during the relevant period / total paid facility time hours) x 100	£0
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Equal opportunities and employment of disabled persons

There is a firm commitment to ensuring equality of opportunity for all who work and learn at the College. The College Equality Policy protects people from discrimination on the basis of the following distinguishing qualities of individuals: age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race religion and belief, sex, and sexual orientation. The policy is resourced, implemented and monitored on a planned basis.

The College Equality Policy, Equality Statement, Equality Quality Improvement Plan, Equality Report and employment data are published on the College website. All are monitored and reviewed on a regular basis.

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. Remploy and the College have committed to a Partnership Agreement to ensure a consistent and quality approach to working together in order to help achieve diversity in employment in the most efficient and cost effective manner, whilst offering a tailored level of support.

Disability statement

The College makes every effort to ensure that students with special needs are not discriminated against and to achieve the objectives set down in the Equality Act 2010 and earlier anti-discrimination legislation. A significant investment has been and continues to be made to ensure support is available for students with learning difficulties and / or disabilities, with a substantial team of learning support assistants employed. The College property strategy acknowledges issues of access and as part of the construction of the Science Centre referred to elsewhere a second lift has been installed, fully compliant with current legislation, to facilitate access to all floors of both the Science Centre and the rest of the existing building. The College has a range of portable equipment available to support those with particular learning needs. There is an Equality and Diversity Group that meets regularly and focuses on the needs of both students and staff.

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Disclosure of information to auditors

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

Approved by order of the members of the Corporation on 27th November 2019 and signed on its behalf by:

Signed G. Slater

Gillian Slater, Chair

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LIST OF GOVERNORS

The members who served the Corporation during the year and up to the date of the signature of this report were as follows:

NAME	Date of appointment and re-appointment	Attendance at Corporation meetings	Date of resignation	Status of appointment	Committees served at 31/3/19
Mr Edward Senior	September 2018	100%	1/04/19	Principal	Ex officio member of all Committees except Audit & Special
Mr Michael Kitcatt	August 2008	N/A	31/08/18	Principal	Ex officio member of all Committees except Audit & Special
Mr Matthew Adams	Sept 2017	100%	1/04/19	External	Resources
Mr Paul Cumming	Sept 2017	67%	1/04/19	External	Audit
Mrs Angela Davis	March 2015 March 2019	100%	1/04/19	External	Resources
Mr Sean Devlin	Sept 2017	67%	1/04/19	External	Quality
Mr Phil Douce	February 2017	100%	1/04/19	External	Resources
Ms Sheila Fallon (formerly Sheila Bratt)	December 2015 (as Parent governor) December 2017	67%	1/04/19	External	Quality
Mr Toby Hooper	October 2016	67%	1/04/19	External	Resources
Ms Samantha Lifford	December 2017	67%	1/04/19	External	Resources

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The members who served the Corporation during the year and up to the date of the signature of this report were as follows:

NAME	Date of appointment and re-appointment	Attendance at Corporation meetings	Date of resignation	Status of appointment	Committees served at 31/3/19
Mrs Gillian Slater	December 2010 December 2014 December 2018	100%	1/04/19	External	Chair of Corporation (effective 01/01/2017) Resources
Mrs Abi Stephenson	July 2018	33%	1/04/19	External	Audit
Mrs Deborah Tiffany	December 2008 December 2012 December 2016	50%	March 2019	External	Vice-Chair of Corporation (effective 01/01/17) Chair; Quality
Mr Alex Daw	December 2016	100%	December 2018	Staff	Quality
Ms Isabel Swift	December 2018	N/A	1/04/19	Staff	Quality
Mr Alex Gwinn	March 2019	N/A	1/04/19	Staff	Quality
Mrs Sheena Payne-Lunn	December 2017	100%	1/04/19	Parent	Quality
Miss Emily Furniss	December 2017	50%	1/04/19	Student	Quality
Miss Khadija Bashar	December 2017	100%	July 2018	Student	Quality
Mrs Sarah Turner	July 2011 March 2019	N/A	1/04/19	External (formerly co-opted)	Quality

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Attendance at Governing Body meetings is measured from the date of appointment and therefore relates to the meetings an individual member is entitled to attend.

All appointments are normally for a term of four years, with the exception of a staff, parent and student governor who is appointed for a term of up to two years. Staff and student representatives must, however, continue to be employed or study at the College to remain as Members.



Gillian Slater (Chair), 27th November 2019

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STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2018 to 1st April 2019 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:-

- in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- in full accordance with the guidance to Colleges from the Association of Colleges in the Code of Good Governance for English Colleges ('the Code'); and
- having due regard to the UK Corporate Governance Code 2016 insofar as it is applicable to the further education sector.

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

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

The membership of the Corporation is set out on pages 12-13. It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The agreed membership of the Corporation is 17, including one parent, two staff members and two student members, excluding co-optees.

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 including health and safety and environmental issues.

The Corporation conducts its business through a number of Committees, each of which has its terms of reference approved by the Corporation. Throughout the period ended 1 April 2019 these Committees were Resources, Quality, Audit, Special and Disaster Management.

Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at:

Worcester Sixth Form College
Spetchley Road
Worcester
WR5 2LU

Minutes are also published on the College website: www.wsfc.ac.uk

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

The Corporation normally meets four times a year and there is a members' conference once a year. There is normally a meeting of the Quality, Resources and Audit Committees at least once per term and this is planned to continue for future committee meetings. The Special Committee and Disaster Management Committee would meet only if circumstances dictate a need for them to do so.

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

Formal agendas, papers and reports are supplied to Governors in a timely manner, prior to Corporation meetings. Briefings are also provided on a regular 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 that 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

New appointments to the Corporation are considered and approved by the Corporation as a whole. The Quality Committee is responsible for the selection and nomination of any new member for consideration by the Corporation and the Corporation is responsible, through the Principal, for ensuring that appropriate training of new members is provided.

Members of the Corporation, with the exception of the parent and student governors, are appointed for a term not exceeding 4 years, upon which they may be re-elected. Staff, parent and student governors are normally appointed for a term not exceeding 2 years.

Resources Committee

The Resources Committee will consider and advise the Governing Body on all aspects of the Governing Body's finances, financial policies and controls and strategy. It consists of 7 members of the Governing Body including the Principal.

The committee will examine annual estimates and accounts and recommend their approval to the Corporation.

It will ensure that short-term budgets are in line with agreed longer term plans and that they are followed.

It will consider any other matters relevant to the financial duties of the Corporation and make recommendations accordingly.

The committee will also ensure that the Corporation has adequate information to enable it to discharge its financial responsibilities.

It will scrutinise at least termly a report on the College's financial position and performance.

It will also establish and review the building and grounds maintenance programmes.

The Resources Committee decides on remuneration increases for support and teaching staff as well as the Senior Management Team.

Audit Committee

Colleges are required by their Instrument and Articles of Governance, their financial memorandum with the Funding Provider and by the Funding Provider's Audit Code of Practice to appoint an Audit Committee.

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The Audit Committee consists of up to 5 members and excludes the Principal.

The committee is independent, advisory and reports to the Corporation.

It has the right of access to obtain all the information it considers necessary and to consult directly with the internal and external auditors.

The committee is responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring their performance.

It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness.

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

Management is responsible for the responses to audit reports and implementation of agreed recommendations. Internal audit undertake periodic follow up reviews to ensure agreed recommendations have been implemented.

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

Management

The Interim Principal and Interim Deputy Principal form the senior management team and have been responsible for the day to day management of the College.

Internal Control

Scope of responsibility

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an 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 Worcester Sixth Form College for the period ended 1 April 2019 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 1 April 2019 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.

Worcester Sixth Form College has an internal audit service that 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. The Audit Committee produces an Annual Report that summarises the work of the Committee and of the audit providers in mitigating risks and the report takes into account the work carried out by internal and external providers, and others.

Review of effectiveness

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

- The work of the internal auditors;
- The work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework;
- Comments made by the College's financial statements auditors 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 a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement.

The Audit Committee's role in this area is confined to a high level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

REPORT AND FINANCIAL STATEMENTS

At its April 2019 meeting, the Corporation carried out an assessment for the period ended 1 April 2019 by considering documentation from the senior management team and taking account of events since 1 April 2019.

Based on the advice of the Audit Committee and the Principal (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

A two year financial forecast has been produced for the ESFA which shows a small surplus for the next 2 years due to expected static student numbers. The College maintains a mostly positive cash balance during this time. These plans have been produced on a conservative basis and reflecting the ongoing squeeze on funding in real terms. It is also worth noting Worcester Sixth Form College's good track record of achieving surpluses pre FRS adjustments despite significant real cuts at the same time as investing considerably in capital developments and it is hoped that sufficient savings will be made in the next years to achieve a nil or surplus balances during this time. A cost cutting exercise was undertaken during 2017-18 in anticipation of the circa £500k drop in funding income in 2018-19.

The College has recently experienced a decline in student numbers and its response to this is to reduce costs (particularly staffing costs, which is possible as fewer teaching groups will now be required, and the senior management team due to the impending academisation plan); in the medium term, it expects the reduction in student numbers to be reversed through the impact of the growing numbers of students in years 7 to 11 in local high schools and of the considerable amount of house building taking place in Worcester and the surrounding area.

The Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future; however the College academised on 1st April 2019 so is no longer a Going Concern.

Approved by order of the members of the Corporation on ~~21 November~~ 2019 and signed on its behalf by:

Signed



Gillian Slater, Chair

Signed



Edward Senior, Principal
(Accounting Officer)

REPORT AND FINANCIAL STATEMENTS

GOVERNING BODY'S STATEMENT ON THE COLLEGE'S REGULARITY, PROPRIETY AND COMPLIANCE WITH FUNDING BODY TERMS AND CONDITIONS OF FUNDING

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with the terms and conditions of funding, under the College's grant funding agreements and contracts with the ESFA. As part of its consideration the Corporation has 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 its knowledge, the Corporation believes it is able to identify any material irregular or improper use of funds by the College, or material non-compliance with the terms and conditions of funding under the College's grant funding agreements and contracts with the ESFA.

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.

Approved by order of the members of the Corporation on 27th November 2019 and signed on its behalf by:

Signed



Gillian Slater, Chair

Signed



Edward Senior, Principal
(Accounting Officer)

REPORT AND FINANCIAL STATEMENTS

WORCESTER SIXTH FORM COLLEGE

STATEMENT OF THE RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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.

The law applicable to charities in England and the terms and conditions of the Funding Agreement between the Education and Skills Funding Agency and the Corporation of the College, requires the corporation of the college to prepare financial statements and the Operating and Financial Review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education Institutions, the annual Accounts Direction issued by the Education and Skills Funding Agency, and in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), and which give a true and fair view of the state of affairs of the College and of the College's surplus/deficit of income over expenditure for that period.

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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the College, and 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 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 funds from the Education and Skills Funding Agency are used only in accordance with the authorities that govern them as defined by and in accordance with Further & Higher Education Act 1992, subsequent legislation and related regulations and the Funding Agreement with the Education and Skills Funding Agency and any other conditions that may be prescribed from time to time.

Approved by order of the members of the Corporation on ~~21st November~~ 2019 and signed on its behalf by:

Signed 
Gillian Slater, Chair

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

Opinion

We have audited the financial statements of Worcester Sixth Form College (the "College") for the period ended 1 April 2019 which comprise the college statement of comprehensive income, the college balance sheet, the college statement of changes in reserves, the college 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 1 April 2019 and of the College's 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.

Emphasis of matter - non-going concern basis

In forming our opinion on the financial statements, which is not modified in this respect, we have considered the adequacy of the disclosures made in the accounting policies to the financial statements concerning the college's ability to continue as a going concern and the preparation basis of the financial statements. As disclosed in note 1 to the financial statements on page 28 and on page 7 in the Operating and Financial Review, the net assets of the college were transferred to a multi-academy trust on 1 April 2019 and the college subsequently ceased to trade. Consequently, the financial statements have been prepared on a basis other than that of a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

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 2017 to 2018 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.

Responsibilities of the Corporation of Worcester Sixth Form College

As explained more fully in the Statement of the Responsibilities of the Members of the Corporation set out on page 21, 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. 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

Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

[Date]

REPORT AND FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

For the period ended 1 April 2019

INCOME	Notes	Period ended 1 April 2019 £'000	Year ended 31 July 2018 £'000
Funding body grants	3	3,939	5,976
Tuition fees and education contracts	4	95	150
Other income	5	411	331
Total income		4,445	6,457
EXPENDITURE			
Staff costs	6	3,182	5,439
Other operating expenses	7	926	1,259
Depreciation	10	305	316
Interest and other finance costs	8	42	83
Transfer of net assets to Heart of Mercia	21	3,769	-
Total expenditure		8,224	7,097
Deficit before other gains and losses		(3,779)	(640)
Deficit before tax		(3,779)	(640)
Taxation	9	-	-
Deficit for the period		(3,779)	(640)
Actuarial gain in respect of defined benefit pension scheme	19	(1,067)	1,032
Other comprehensive income for the period		(1,067)	1,032
Total comprehensive income for the period		(4,846)	392
Unrestricted comprehensive income for the period		(4,846)	392
Total Comprehensive Income for the period attributable to:			
Corporation of the college		(4,846)	392

The Statement of Comprehensive Income is in respect of discontinued activities.

REPORT AND FINANCIAL STATEMENTS

BALANCE SHEET


As at 1 April 2019

	Notes	Period ended 1 April 2019 £'000	Year ended 31 July 2018 £'000
Fixed assets			
Tangible assets	10	-	11,268
		-	11,268
Current assets			
Debtors	11	-	47
Cash at bank and in hand		-	417
		-	464
Current liabilities			
Creditors – amounts falling due within one year	12	-	(682)
Net current assets/(liabilities)		-	(218)
Total assets less current liabilities		-	11,050
Creditors – amounts falling due after more than one year	13	-	(4,681)
Provisions for liabilities			
Defined benefit pension scheme	19	-	(1,523)
Total net assets		-	4,846
Reserves			
Unrestricted Reserves			
Income and expenditure reserve		-	1,745
Revaluation reserve		-	3,101
Total reserves		-	4,846
Total reserves		-	4,846

The financial statements on pages 24-47 were approved and authorised for issue by the Corporation on 21st November 2019 and were signed on its behalf on that date by:


Gillian Slater

Chair


Edward Senior
Principal
(Accounting Officer)

REPORT AND FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN RESERVES

For the period ended 1 April 2019

	Income and Expenditure reserve	Revaluation reserve	Total
	£'000	£'000	£'000
Balance at 1 August 2017	1,279	3,175	4,454
Deficit for the year	(640)	-	(640)
Other comprehensive income	1,032	-	1,032
Transfers between revaluation and income and expenditure reserves	74	(74)	-
Total comprehensive income for the year	466	(74)	391
Balance at 31 July 2018	1,745	3,101	4,846
Deficit for the period	(3,779)	-	(3,779)
Other Comprehensive Income	(1,067)	-	(1,067)
Transfers between revaluation and income and expenditure reserves	3,101	(3,101)	-
Total comprehensive income for the period	(1,745)	(3,101)	(4,846)
Balance at 1 April 2019	-	-	-

REPORT AND FINANCIAL STATEMENTS

STATEMENT OF CASHFLOWS

For the period ended 1 April 2019

	Notes	Period ended 1 April 2019 £'000	Year ended 31 July 2018 £'000
Operating activities			
Cash generated from operations	16	695	(15)
Net cash flows from operating activities		695	(15)
Investing activities			
Purchase of tangible fixed assets		(28)	(47)
Transfer of cash to Heart of Mercia		(362)	-
Net cash flows from investing activities		(390)	(47)
Financing activities			
Interest paid		(13)	(25)
Repayments of borrowings		(709)	(45)
Net cash flows from financing activities		(722)	(70)
Decrease in cash and cash equivalents in the period		(417)	(132)
Cash and cash equivalents at beginning of the period		417	549
Cash and cash equivalents at end of the period		-	417

NOTES TO FINANCIAL STATEMENTS

For the period ended 1 April 2019

1. ACCOUNTING POLICIES

General information

Worcester Sixth Form College is a corporation established under the Further and Higher Education Act 1992 as an open access college providing a wide range of high quality courses to support individual students in achieving their full potential in learning. The address of the College's principal place of business is given on page 15. The nature of the College's operations are set out in the Operating and Financial review.

Basis of accounting

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 2017 to 2018* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102) under the historical cost convention. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently applied to all the years presented, unless otherwise stated.

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 £1,000, except where otherwise indicated.

Reduced disclosures

In accordance with the 2015 FE HE SORP and FRS 102, the College in its 2016 financial statements took advantage of the following exemptions available to it.

- *Revaluation as deemed cost*

The inherited assets were revalued on inheriting these from the local authority at a frozen valuation. This is now being held as the deemed cost of these assets.

Transfer of net assets

The transfer of the net assets of the college, involved the transfer of identifiable assets and liabilities and the operation of the college for £nil consideration (see note 21). The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The net assets have been de-recognised under the appropriate balance sheet categories at the carrying value at the date of the transfer, with a corresponding amount recognised in Expenditure – Transfer of Net Assets to Heart of Mercia - in the Statement of Comprehensive Income.

Going concern

Worcester Sixth Form College is no longer a going concern. With effect from 1 April 2019, the net assets were transferred to Heart of Mercia Multi Academy Trust. The College is now dormant and had no assets or liabilities as at 1 April 2019. Whilst these financial statements are, therefore, prepared on the basis that the College is not a going concern, this has had no significant impact on the financial statements. The College has no assets or liabilities at the balance sheet date and intends to dissolve as soon as practically possible.

NOTES TO FINANCIAL STATEMENTS**For the period ended 1 April 2019****1. ACCOUNTING POLICIES continued****Recognition of income**

Government revenue grants are accounted for under the accrual model and are recognised where a reliable estimate of the fair value of the asset received or receivable can be made on a systematic basis over the periods in which the related costs for which the grant compensates are recognised.

Funding body recurrent grant for Adult Education Budget ('AEB') is measured in line with best estimates for the year of what is receivable. Any under achievement of the AEB outside of permitted tolerance levels is adjusted for and reflected in the level of recurrent grant recognised in the statement of comprehensive income. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end.

16-18 learner-responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments, and is recognised when receivable.

Grants from non-government sources, including grants relating to assets, are recognised in income when the performance-related conditions have been met and the grant will be received. Income received in advance of performance related conditions being met is recognised as a liability.

Government capital grants for assets, other than land, are accounted for under the accrual model. The grant income received or receivable will be recognised over the expected useful life of the asset, with any amount of the asset-related grant that is deferred being recognised as deferred income. The deferred income is allocated between creditors due within one year and those due after more than one year. Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors.

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

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

All income from short term deposits is accrued in the period in which it is earned on a receivable basis.

Retirement benefits

Retirement benefits to employees of the College are provided by the Teacher's Pension Scheme (TPS) and the Local Government Superannuation Scheme (LGPS). These are defined benefit schemes which are externally funded and the assets are held separately from those of the College.

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 costs payroll. The contributions are determined by the Government Actuary on the basis of valuations using a prospective benefit method. As stated in Note 19, the TPS is a multi employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year. Differences between contributions payable in the year and actually paid are shown as either accruals or prepayments.

NOTES TO FINANCIAL STATEMENTS

For the period ended 1 April 2019

1. ACCOUNTING POLICIES continued

Retirement benefits continued

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. The cost of any unused holiday entitlement the College expects to pay in future periods is recognised in the period the employees' services are rendered.

Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

a) Land and Buildings

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at deemed cost at the date of transition to FRS102, less accumulated depreciation.

Land and buildings acquired since incorporation are included in the balance sheet at cost, less accumulated depreciation. Freehold land is not depreciated.

Freehold buildings are depreciated over their expected useful economic life to the College of 50 years.

b) Subsequent expenditure on fixed assets

Subsequent costs, including replacement parts, are only capitalised when it is probable that such costs will generate future economic benefits. Any replaced parts are then derecognised. All other costs of repairs and maintenance are expenses as incurred.

NOTES TO FINANCIAL STATEMENTS**For the period ended 1 April 2019****1. ACCOUNTING POLICIES continued****Tangible Fixed Assets continued****c) Impairments of fixed assets**

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, an estimate is made of the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairment of revalued assets, are treated as a revaluation loss. All other impairment losses are recognised in comprehensive income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in comprehensive income or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

d) Equipment

Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised and recognised at cost less accumulated depreciation and accumulated impairment losses.

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

Motor vehicles and general equipment	20% per year
Other specialised equipment	10% per year
Computer equipment	25% per year
Fixtures & Fittings	10% per year
Major equipment e.g. Lift	5% per year
Photovoltaic panels and related equipment	4% per year
Buildings	2% per year

Leased assets

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

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.

NOTES TO FINANCIAL STATEMENTS

For the period ended 1 April 2019

1. ACCOUNTING POLICIES continued

Taxation continued

The College is not registered for Value Added Tax as its relevant income is significantly less than the current HM Revenue & Customs limit, therefore 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.

Agency Arrangements

The College acts as an agent in distributing Bursary support funds. Related payments received from funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College does not have control of the economic benefit related to the transaction.

Financial Instruments

The College has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

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

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

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets measured at fair value through the profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

NOTES TO FINANCIAL STATEMENTS

For the period ended 1 April 2019

2. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical areas of judgement

In preparing these financial statements, management were of the opinion that there were none to make.

Critical accounting estimates and assumptions

- *Tangible fixed assets*

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

- *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 19, 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 1 April 2019. 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.

- *Impairment of fixed assets*

The College considers whether tangible fixed assets are impaired. Where an indication of impairment is identified the estimation of the recoverable amount of the asset or the recoverable amount of the cash-generating unit is required. These will require an estimation of the future cash flow and selection of an appropriate discount rates in order to calculate the net present value of those cash flows.

3	FUNDING BODY GRANTS	Period ended 1 April 2019 £'000	Year ended 31 July 2018 £'000
	Recurrent grants		
	Education and Skills Funding Agency Adult	40	65
	Education and Skills Funding Agency 16-18	3,739	5,811
	Releases of funding body capital grants	160	100
	Total	3,939	5,976

REPORT AND FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

For the period ended 1 April 2019

4	TUITION FEES AND EDUCATION CONTRACTS	Period ended 1 April 2019 £'000	Year ended 31 July 2018 £'000
	Tuition fees	61	80
	Education contracts	34	70
	Total	95	150
5	OTHER INCOME	Period ended 1 April 2019 £'000	Year ended 31 July 2018 £'000
	Catering	233	261
	Other grant income	107	41
	Release of non-funding body capital grants	36	3
	Miscellaneous income	35	26
	Total	411	331
6	STAFF COSTS AND KEY MANAGEMENT PERSONNEL REMUNERATION		
	The average number of persons (including key management personnel) employed by the College during the period, expressed as full-time equivalents, was:		
		Period ended 1 April 2019 No.	Year ended 31 July 2018 No.
	Teaching staff	59	66
	Non-teaching staff	55	59
		114	125

REPORT AND FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

For the period ended 1 April 2019

6 STAFF COSTS AND KEY MANAGEMENT PERSONNEL REMUNERATION continued

Staff costs for the above persons	Period ended 1 April 2019 £'000	Year ended 31 July 2018 £'000
Wages and salaries	2,476	4,058
Contractual Restructuring costs	-	16
Social security costs	226	372
Other pension costs	480	993
Total staff costs	3,182	5,439

Key management personnel compensation

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 Leadership Team which comprises the Principal and Deputy Principal, as well as the Finance Manager.

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

	Period ended 1 April 2019 No.	Year ended 31 July 2018 No.
Number of key management personnel including the Accounting Officer was:	3	5

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NOTES TO FINANCIAL STATEMENTS

For the period ended 1 April 2019

6 STAFF COSTS AND KEY MANAGEMENT PERSONNEL REMUNERATION continued

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	
	Period ended 1 April 2019	Year ended 31 July 2018
	No.	No.
£10,001 to £20,000 p.a.	1	-
£20,001 to £30,000 p.a.	-	1
£40,001 to £50,000 p.a.	1	-
£50,001 to £60,000 p.a.	1	2
£70,001 to £80,000 p.a.	-	1
£90,001 to £100,000 p.a.	-	1
	3	5

No other staff earned over £60,000 in the financial year 18-19 or 17-18.

Key management personnel (including the Accounting Officer) total compensation is made up as follows:

	Period ended 1 April 2019 £'000	Year ended 31 July 2018 £'000
Salaries	116	306
National Insurance	14	37
	130	343
Pension contributions	19	50
Total emoluments	149	393

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NOTES TO FINANCIAL STATEMENTS

For the period ended 1 April 2019

6 STAFF COSTS AND KEY MANAGEMENT PERSONNEL REMUNERATION 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 emoluments include amounts payable to the Accounting Officer (who is also the highest paid of key management personnel) of:

	Period ended 1 April 2019 £'000	Year ended 31 July 2018 £'000
Salaries	53	94
	<hr/> 53	<hr/> 94
Pension contributions	9	16
Total emoluments	<hr/> 62	<hr/> 110

The College provides no benefits in kind.

The emoluments of the key management personnel are recommended to the Corporation by members of the Resources Committee, excluding the Principal. No pay awards were made to key management personnel during the year under review, other than the general award as below. No compensation for loss of office payments were made to any key management personnel in either year.

No pay award had been agreed at 1 April 2019. Payments totalling £12,000 were made to qualifying support staff in respect of support staff standards payments; these were the result of a nationally agreed scheme.

Governors' remuneration

The total expenses paid to or on behalf of members of the Governing Body during the year was £118; 1 governor (2018; £126; 1 governor). This represents travel expenses and training incurred in attending meetings and other events in their official capacity. No Governor has received any remuneration or waived payments from the College during the year (2018; None) in their capacity as governors; the Accounting Officer only receives remuneration in respect of services provided undertaking his role as Principal.

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NOTES TO FINANCIAL STATEMENTS

For the period ended 1 April 2019

7	OTHER OPERATING EXPENSES	Period ended 1 April 2019 £'000	Year ended 31 July 2018 £'000
	Teaching costs	187	207
	Non-teaching costs	455	731
	Premises costs	284	322
	Total	926	1,259
		Period ended 1 April 2019 £'000	Year ended 31 July 2018 £'000
	Surplus/(deficit) before taxation is stated after charging / (crediting):		
	Auditor's remuneration:		
	Financial statements audit	15	14
	Internal audit	6	8
	Other services provided by auditors	-	8
	Loss on disposal of fixed assets	11	-
	Operating lease rentals	6	13
		Period ended 1 April 2019 £'000	Year ended 31 July 2018 £'000
8	INTEREST PAYABLE AND OTHER FINANCE COSTS		
	Interest on bank loans, overdrafts	13	25
	Net interest on defined pension liability (note 19)	29	58
	Total	42	83

REPORT AND FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

For the period ended 1 April 2019

9 TAXATION

The members do not believe the College was liable for any Corporation Tax arising out of its activities during the period ended 1 April 2019 (2018: nil).

10 TANGIBLE FIXED ASSETS	Land	Buildings	Equipment	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2018	1,417	13,696	924	16,037
Additions	-	25	3	28
Disposals	-	-	(184)	(184)
Transfer to Heart of Mercia	(1,417)	(13,721)	(743)	(15,881)
At 1 April 2019	-	-	-	-
Depreciation				
At 1 August 2018	-	4,273	496	4,769
Charge for the period	-	267	38	305
Elimination in respect of disposals	-	-	(173)	(173)
Transfer to Heart of Mercia	-	(4,540)	(361)	(4,901)
At 1 April 2019	-	-	-	-
Net book value at 1 April 2019	-	-	-	-
Net book value at 31 July 2018	1,417	9,423	428	11,268

11 DEBTORS

	Period ended 1 April 2019 £'000	Year ended 31 July 2018 £'000
Amounts falling due within one year:		
Trade debtors	-	-
Prepayments and accrued income	-	47
Total	-	47

REPORT AND FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

For the period ended 1 April 2019

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Period ended 1 April 2019 £'000	Year ended 31 July 2018 £'000
Bank loans and overdrafts	-	45
Trade creditors	-	180
Other taxation and social security	-	167
Accruals and deferred income	-	148
Amounts owed to the ESFA	-	39
Government Grants (Capital)	-	103
Total	-	682

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Period ended 1 April 2019 £'000	Year ended 31 July 2018 £'000
Bank loans	-	664
Government Grants (capital)	-	4,017
Total	-	4,681

Bank loans are repayable as follows:

	Period ended 1 April 2019 £'000	Year ended 31 July 2018 £'000
In one year or less	-	45
Between one and two years	-	45
Between two and five years	-	135
In five years or more	-	484
Total	-	709

During the year the College's loan with Lloyds Bank Plc was repaid in full by Heart of Mercia Multi Academy Trust.

REPORT AND FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

For the period ended 1 April 2019

14 PROVISION FOR LIABILITIES	Defined benefit Obligations (note 19)	Total
	2019	2018
	£'000	£'000
At 1 August 2018	(1,523)	(2,279)
Movements in period charged to total comprehensive income	(1,201)	756
Transfer to Heart of Mercia	2,724	-
At 1 April 2019	-	(1,523)

15 FINANCIAL INSTRUMENTS

The College has the following financial instruments:

	Period ended 1 April 2019 £'000	Year ended 31 July 2018 £'000
Financial assets		
Debt instruments measured at amortised cost	-	12
Total	-	12
Financial liabilities		
Measured at amortised cost	-	1,076
Total	-	1,076

REPORT AND FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

For the period ended 1 April 2019

16	NOTES TO STATEMENT OF CASH FLOWS	Period ended 1 April 2019 £'000	Year ended 31 July 2018 £'000
	Deficit after tax for the year	(3,779)	(640)
	Adjustment for:		
	Depreciation	305	316
	Transfer to Heart of Mercia	3,769	-
	Bank interest payable	13	25
	Loss on deposit of fixed assets	11	-
	Pensions costs less contributions payable	134	276
	Capital Grants released to income	(196)	(103)
	Operating cash flow before movements in working capital	257	(126)
	Decrease in debtors	30	191
	Increase/(decrease) in creditors	408	(80)
	Cash generated from/(used in) operations	695	(15)
17	CAPITAL COMMITMENTS	2019 £'000	2018 £'000
	Commitments contracted for at 1 April 2019	-	-
18	COMMITMENTS UNDER OPERATING LEASES		
	The total future minimum lease payments under non-cancellable operating leases as follows:		
		2019 £'000	2018 £'000
	Payment due:		
	Not later than one year	-	34
	Later than one year and note later than five years	-	26
		-	60

REPORT AND FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

For the period ended 1 April 2019

19 RETIREMENT BENEFITS

The College's employees belonged 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), as administered by Worcestershire County Council. Both are multi-employer defined-benefit plans.

Total pension cost for the year	Period ended 1 April 2019 £'000	Year ended 31 July 2018 £'000
Teacher's Pension Scheme: contributions paid	266	445
Local Government Pension Scheme: contributions paid	109	330
FRS 102 (28) charge	105	218
Charge to the Statement of Comprehensive Income	214	548
Total Pension Cost for Year within staff costs	480	993

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.

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 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%.

REPORT AND FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

For the period ended 1 April 2019

19 RETIREMENT BENEFITS continued

The TPS valuation for 2012 determined on employer rate of 16.48% (including a 0.08% administration fee), which was payable from September 2015. The next valuation of the TPS is currently underway based on March 2016 data, where upon the employer contribution rate is expected to be reassessed.

The pension costs paid to TPS in the year amounted to £266,000 (2018: £445,000).

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.

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Worcestershire County Council. The total contributions made for the period ended 1 April 2019 were £154,000 (2018: £402,000), of which employer's contributions totalled £109,000 (2018: £330,000) and employees' contributions totalled £45,000 (2018: £72,000). The current agreed contribution rates are 14.6% for employers and range from 5.5% to 12.5% 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 1 April 2019 by a qualified independent actuary.

	1 April 2019	31 July 2018
Rate of increase in salaries	3.7%	3.6%
Future pensions increases	2.3%	2.2%
Discount rate	2.5%	2.9%
Inflation assumption (CPI)	2.2%	2.1%

The average life expectancy for a pensioner retiring at 65 on the reporting date is:

	1 April 2019 Years	31 July 2018 Years
<i>Retiring today</i>		
Males	22.8	22.7
Females	25.8	25.7
<i>Retiring in 20 years</i>		
Males	25.1	24.9
Females	28.2	28.0

REPORT AND FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

For the period ended 1 April 2019

19 RETIREMENT BENEFITS continued

The College's share of the assets in the plan at the balance sheet date were:

	Fair Value of assets	
	2019	2018
	£'000	£'000
Equity instruments	-	5,105
Debt instruments	-	312
Property	-	305
Government Bonds	-	544
Cash / Liquidity	-	86
Other	-	285
Total fair value of plan assets	-	6,637
Present value of scheme liability	-	(8,160)
(Deficit) in scheme at 31 July	-	(1,523)
 Actual return on plan assets:	 (86)	 648

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

	Period ended 1 April 2019 £'000	Year ended 31 July 2018 £'000
Current service cost	198	503
Net interest on the defined benefit pension liability	29	58
Curtailments	13	-
Administrative costs	3	5
	243	566

REPORT AND FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

For the period ended 1 April 2019

19 RETIREMENT BENEFITS continued

	Period ended 1 April 2019 £'000
Changes in fair value of plan assets	
Fair value of plan assets at start of period	6,637
Interest on plan assets	128
Return on plan assets (excluding net interest on the defined benefit liability)	(214)
Administrative Expenses	(3)
Employer contributions	109
Contributions by scheme participants	45
Benefits paid	(237)
Transfer to Heart of Mercia	(6,465)
Fair value of plan assets at end of period	<u>-</u>
Changes in Plan Liabilities	
Fair value of plan liabilities at start of period	8,160
Service cost	198
Interest cost	157
Employee contribution	45
Actuarial loss/(gain)	853
Curtailments	13
Benefits paid	(237)
Transfer to Heart of Mercia	(9,189)
Fair value of plan liabilities at end of period	<u>-</u>

NOTES TO FINANCIAL STATEMENTS

For the period ended 1 April 2019

20 RELATED PARTY TRANSACTIONS

Key Management Compensation Disclosure is given in Note 6.

Mr E Senior's wife was employed by the College during the period and received remuneration of £24,241. The post was paid within the normal pay section for her role and this individual received no special treatment as a result of the relationship.

21 DISPOSAL – ACTIVITIES TRANSFERRED OUT

On 1 April 2019, the activities of the College were transferred to Heart of Mercia Multi Academy Trust. All of the assets and liabilities were transferred for £nil consideration.

The assets and liabilities transferred were valued at their carrying value and de-recognised from the balance sheet with a corresponding net amount as expenditure in the Statement of Comprehensive Income.

The following table sets out the book values of the identifiable assets and liabilities transferred:

	£'000	£'000
Fixed assets – tangible assets		10,980
Current assets		
Debtors	17	
Cash at bank and in hand	362	
	379	
Creditors: amounts due within one year	(357)	
		23
Creditors: amounts due after more than one year		(4,510)
Net pension liability		(2,724)
Net assets transferred		3,769

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

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA"), to obtain limited assurance about whether the expenditure disbursed and income received by Worcester Sixth Form College during the period 1 August 2018 to 1 April 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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 2018 to 1 April 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the "ACoP") 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 ESFA has other assurance arrangements in place.

We are independent of the Worcester Sixth Form College in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion

Responsibilities of Corporation of Worcester Sixth Form College for regularity

The Corporation of Worcester Sixth Form College is responsible, under the grant funding agreements and contracts with the ESFA 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. The corporation of Worcester Sixth Form College is also responsible for preparing the Governing Body's Statement of Regularity, Propriety and Compliance.

Reporting accountant's responsibilities for reporting on regularity

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 ACoP.

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 the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

REPORT AND FINANCIAL STATEMENTS

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF WORCESTER SIXTH FORM COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

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 2018 to 1 April 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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 the specific requirements of the grant funding agreements and contracts with the ESFA and high level financial control areas where we identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified 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 of the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

Use of our report

This report is made solely to the Corporation of Worcester Sixth Form College and the Secretary of State for Education acting through the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of Worcester Sixth Form College and the Secretary of State for Education acting through the ESFA 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 Worcester Sixth Form College and the Secretary of State for Education acting through the ESFA for our work, for this report, or for the conclusion we have formed.

RSM UK AUDIT LLP

Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

[Date]