



**Report and Financial Statements
For the Year Ended 31 July 2016**

St Francis Xavier 6th Form College

Year Ended 31 July 2016

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St Francis Xavier 6th Form College For the Year Ended 31 July 2016 Report of the Board of Governors

NATURE, OBJECTIVES AND STRATEGIES

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

Legal status

The Board of Governors is a corporate body established under the Further and Higher Education Act 1992 for the purpose of conducting the activities of St Francis Xavier 6th Form College. The Board of Governors together with the College is an exempt charity for the purposes of the Charities Act 2011.

The College was formed as St Francis Xavier 6th Form College.

Mission

The College's mission, as approved by its Board of Governors in July 2005, is:

We at St Francis Xavier 6th Form College aim to provide for the educational needs of our students in a Catholic environment that proclaims Jesus Christ, the Way, the Truth and the Life. We are committed to a community based on mutual respect where we recognise our responsibilities to ourselves and others.

Public benefit

St Francis Xavier 6th Form College is an exempt charity under Part 3 of the Charities Act 2011 and from 1 September 2013, is regulated by the Secretary of State for Education as Principal Regulator for all Sixth Form Colleges. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 15 and 16.

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.

In delivering its mission, the College provides the following identifiable public benefit for the advancement of education:

- ◆ High-quality teaching;
- ◆ Widening participation and tackling social exclusion;
- ◆ Excellent university progression and employment rates for students;
- ◆ Strong student support systems; and
- ◆ Good links with employers, industry and commerce.

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Implementation of Strategic Plan

In July 2015 the College adopted a strategic plan for the period 1 August 2015 to 31 July 2016. This strategic plan includes property and financial plans. The Governing Body monitors the performance of the College against these plans. The plans are reviewed and updated each year. The College's continuing strategic objectives are to maintain a high quality teaching and learning environment, whilst ensuring long term financial sustainability for the institution and the specific objectives for 15-16 are set out below.

1. Maintenance of financial health and income generation

- To ensure that the College remains financially sustainable (with at least good financial health) for the long term.
- To ensure that the curriculum offered by the College remains both effective & efficient and addresses the needs of Catholic/other stakeholders and the local community and addresses the wider skills gaps & issues identified across London.
- To ensure that the College continues to manage on-going cuts to EFA funding budgets, without compromising the resources available for teaching & learning provision. (This has required and will continue to necessitate an active commitment to cutting overall staffing levels, primarily in back-office and support services and a willingness to adapt the shared services agenda)
- To ensure that the College retains an on-going commitment to the generation of non EFA income streams, which has grown significantly in recent years.

2. Development of curriculum provision, specifically apprenticeships

- To explore the development of an Apprenticeship programme, possibly in partnership with another sixth form or FE College.
- To explore the further development of UAL curriculum provision at the college

3. Strong retention and examination results

- Improved outcomes at A and AS Level
- Sustaining strong outcomes in vocational courses

4. Preparation in all areas for a strong inspection under the new Ofsted CIF

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Performance Indicators

The College has continued to monitor the following as key performance indicators in 2015-2016.

- Success rates and Ofsted data
- Self-assessment / inspection and curriculum external moderation
- Learner destinations and satisfaction surveys
- Financial health measures

The College is committed to observing the importance of sector measures and indicators and uses the Ofsted national benchmarks for Sixth Form Colleges as well as SFCA/AOC data in order to measure comparative success rates.

In terms of in year performance against strategic objectives, whilst the Ofsted inspection outcome in January 2016 was disappointing, there was an improvement in headline performance at A Level in summer 2016 and BTEC outcomes, particularly at BTEC Extended Diploma (Level 3) were strong. Performance in Level 3 UAL (University Arts London) courses was also strong and in 16/17 the College will widen the UAL provision by adding an Extended Diploma in Performance to those which are already established (Art & Media). In addition the College has made excellent progress in terms of its preparation to launch apprenticeships in 16/17 and has an agreement with John Ruskin SFC to subcontract over 50 apprenticeship places. In summary, setting aside pension liabilities, which are outside the direct control of management, the operational performance in terms of financial results of the College for 15/16 has remained very positive and it is also pleasing to note that the area reviews seem to be moving to the conclusion that the college has the financial strength to remain a 'standalone' institution in the future.

The financial indicators (Financial Health and Financial Management and Control) will continue to be graded and will be reported to providers directly by the relevant funding body.

The College is required to complete the annual Finance Records for the Education Funding Agency ("EFA"). The Finance Record produces a financial health grading. The current rating of Good is considered an acceptable outcome.

FINANCIAL POSITION

Financial results

The College generated an operating deficit in the year of £217,000 (2014/15 – £135,000 deficit).

(Note: The result was a surplus of £37,000 prior to the application of the FRS 102 Pension Adjustment and the £42,845 additional lump sum payment).

The College has accumulated unrestricted reserves before deduction of the pension reserve of £12,167,000 (2014/15 - £12,173,000) and a cash balance of £2,456,000 (2014/15 - £2,301,000).

Tangible fixed asset additions during the year amounted to £282,000 (2014/15 - £1,334,000). This was split between land and buildings additions of £15,000 and equipment purchases of £267,000.

In the main, this related to the works on a science room, IT improvements to the infrastructure including new computers & the CCTV system.

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FINANCIAL POSITION (continued)

The College still has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2016 the funding bodies provided 91% of the College's total income (2014/15 – 91%).

Investments

The College has one subsidiary company, SFX Corporate Services Limited. The principal activity of SFX Corporate Services Limited is to provide senior management, commercial and consultancy services in all areas of educational leadership and management. These areas include curriculum, administration, IT, MIS, estates and communication technology. Any surpluses generated by the subsidiary are transferred to the College under deed of covenant. In the current year, the overall surplus generated was £33,200.

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.

All major transactions are authorised by the Governors through the Finance and Resources Committee and the adherence to the College's Treasury Management Policy. Such arrangements are restricted by limits in the College's Conditions of Funding Agreement agreed with the EFA. All other borrowing requires the authorisation of the College and shall comply with the requirements of the Conditions of Funding Agreement.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Conditions of Funding Agreement.

Cash flows

There was an operating cash inflow of £475,000 (2014/15 £813,000), and there was an overall increase in cash of £155,000 in the year.

Liquidity

The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cash flow. During the year this margin was comfortably exceeded.

Reserves Policy

The College needs to have sufficient reserves to enable it to meet its obligations should there be an unexpected revenue shortfall. The existence of unrestricted reserves also offers the College flexibility to plan and fund major projects to develop and maintain its buildings and facilities.

By their very nature, the availability of the restricted and endowed funds for the general operation of the College is limited. Accordingly it is the unrestricted funds (or General purpose reserve) which are expendable at the discretion of the Board of Governors in the furtherance of the objectives of the College. General purpose reserve decreased by £1.5m during 2015/16, with the balance being £7.8m at 31 July 2016. General purpose reserves are represented by net current assets of the College with the Governors requiring a minimum cash balance of £1m to be held.

There were endowed funds/restricted reserves of £1,000 available for prizes.

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CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student Numbers

The College is funded according to the number of students enrolled. (on a lagged basis). In 2015/16, the College recruited 1,415 (2014/15 - 1,392) students against a target of 1,392 . All learners were either 16-18 students or fell within the 19+ continuing learners' categories. There were no 19+ learners or part time students.

Student Achievements

The College underwent a full Ofsted inspection in January 2016. A four-point scale is used to summarise judgements about achievement and standards.

Overall Effectiveness – Grade 3 (R.I)

Outcomes for Learners - Grade 3 (R.I)

Personal development, behaviour and welfare- Grade 2 (Good)

Quality of Teaching, Learning and Assessment – Grade 3 (R.I)

Leadership and Management – Grade 3 (R.I)

16-19 Study Programmes – Grade 3 (R.I)

This was a disappointing and contested outcome, however the college is now working with the Ofsted 'Support & Challenge' HMI and is hopeful of returning to a Grade 2 (Good) in due course.

Curriculum Developments

The College's core business is the delivery of a range of full time 16-19 courses, primarily but not exclusively, at Level 3. The College offers a mixture of academic A and AS qualifications and Vocational Extended Diploma and Diploma qualifications. At Level 2 Vocational Diplomas are supplemented by GCSE provision in English and Maths. Level 1 Learners follow a Foundation Learning Programme centred on a Business core complemented by functional skills and PSD qualifications. In 16/17 the development of the new Apprenticeship programme will further diversify the options available for level 2 and level 3 students.

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. During the accounting period from 1 August 2015 to 31 July 2016, the College paid 96% of its invoices within 30 days. The College incurred no interest charge in respect of late payment for this period.

Staff and Student Involvement

The College considers good communication with its staff to be very important and to this end it publishes regular newsletters and daily bulletins, which are available to all staff. In addition a full staff briefing is held on a weekly basis, and all key information is available in the staff area of the College website/Moodle. Furthermore the SMT holds regular meetings with the teaching associations and unions. The College also encourages staff and student involvement through membership of formal committees. In order to ensure the College is responsive to the 'student voice' a member of staff has been given responsibility for this area to ensure it is audited and monitored.

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Taxation

The majority of the College's activities are outside the scope of corporation tax.

Future developments

The College completed a series of capital projects and building improvements in 14/15 and is now completing a successful 'Condition Improvement Fund' safeguarding bid to augment the estate and improve security. In addition the College continues to commit large-scale investment to IT infrastructure to improve and enhance the learning environment for students. This level of investment will be maintained. The College remains conscious of government funding constraints and is actively developing other funding streams through increased corporate commercial activity.

The College strategic plan for 16-17 concentrates on the following themes:

- improving outcomes and learner progress (Ofsted agenda)
- Development of curriculum and apprenticeships
- Financial sustainability
- Staff growth and development including maintaining and enhancing the college ethos

RESOURCES

The College continues to invest in its building and facilities to ensure students have the most up to date learning environment. Nevertheless the Colleges most valuable resource remains its teaching and support staff. The College's policy is to ensure that they are of the highest quality so that our students receive the very best post 16 education. However, this does mean (even allowing for the fact that the college does not outsource activities such as cleaning or payroll) that our staff costs are above average for the sector. We are mindful therefore of the need to gradually downsize the staffing complement (primarily in support staff functions) to make appropriate savings. This is a strategy that has been underway for some time.

13/14 139 FTE staff (79 teaching FTE)

14/15 135 FTE staff (72 teaching FTE)

15/16 131 FTE Staff (74 teaching FTE)

Financial

The College has £7.8m (2014/15 - £9.4m) of net assets (including £4.4m pension liability (2014/15 - £2.8m)).

People

The College employs 131 people (expressed as full time equivalents), of whom 74 are teaching staff.

Reputation

The College has a very good reputation locally and nationally. Maintaining a quality brand is essential for the College's success in attracting students and sustaining external relationships.

St Francis Xavier 6th Form College For the Year Ended 31 July 2016 Report of the Board of Governors

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

This process is supported by strategies to raise awareness of risk throughout the College.

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

1. Changes to levels of Government funding

The changes in funding methodology (and changes to 18+ Funding) have impacted on the level of EFA grants and recurrent funding. The College continues to pursue a variety of strategies to mitigate these reductions including growth in lagged numbers, curriculum re-organisation and the development of alternative income streams. The College is aware of the current government agenda to look at all aspects of structural efficiencies and has been actively engaged in the Area Review London Central process. Although the final outcomes of this process are still unknown the process to date has agreed with the preferred college option of remaining a 'standalone' institution. The financial commentary accompanying this proposal suggesting that the college remains financially robust and has a detailed plan for longer-term sustainability. Until these recommendations are confirmed however the college remains at risk.

2. Changes regarding the funding of pension liabilities

In financial terms there is also a growing risk to the college from the recent increases in LGPS Pension liabilities and the college is engaging with SFCA/AOC (and others) to understand the exact nature of this risk, should it be realised.

3. Changes in levels of student recruitment

The College operates in an increasingly competitive market place and remains conscious to maintain very effective recruitment and marketing strategies. Provisional 16-18 recruitment numbers for 2016-17 remain strong, but this factor remains an annual risk.

4. Ofsted Inspection Outcome

Improving the quality of student outcomes and therefore improving the current Ofsted grade of 'Requires Improvement' is important. The college needs to sustain a reputation for high quality outcomes and this is a number one priority for 16/17

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STAKEHOLDER RELATIONSHIPS

In line with other colleges St Francis Xavier 6th Form College has many stakeholders. These include:

- ◆ Students
- ◆ Parents/Guardians
- ◆ EFA (DFE)
- ◆ Sixth Form /FE Commissioner
- ◆ Staff
- ◆ Partner schools
- ◆ Other Schools from which SFX recruits students
- ◆ Universities/ Higher education bodies
- ◆ Employers
- ◆ Local Authorities
- ◆ Government Offices/ Regional Development Agencies; and
- ◆ The Archdiocese of Southwark.

The College recognises the importance of these relationships and engages in regular communication with them through the College website, written communications and by meetings.

Equal Opportunities and Employment of Persons with a Disability

The College considers all applications for employment from applicants with a disability, 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 for such staff members that are, as far as possible, identical to those for other employees.

Disability Statement

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

- i. The College has a close link with Oak Lodge School for the deaf whereby students from there undertake full-time mainstream courses at the College;
- ii. As part of the redevelopment of the buildings the College has installed lifts and ramps so that most of the facilities allow access to people with a disability;
- iii. There is a list of specialist equipment, such as lighting for audio facilities, electronic readers for examinations, which the College can make available for use by students with specific needs. All of this material as well as educational support for students is co-ordinated by the Learning Support department,
- iv. The College is accredited with 'Investors in Diversity' status.
- v. The admissions policy for all students is described in the College charter and the College prospectus. Appeals against a decision not to offer a place are dealt with under the complaints policy;

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Disability Statement (continued)

- vi. The College has made a significant investment in the appointment of specialist tutors to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities. The College works with representatives of the 14 local authorities from which learners are drawn in terms of securing appropriate levels of ALS funding for high needs learners;
- vii. Specialist programmes are described in programme information guides, and achievements and destinations are recorded and published in the standard College format; and
- viii. Counselling and welfare services are described in the College charter and student handbook.

St Francis Xavier 6th Form College Equality Plan (now contained within SFX Single Equality Scheme)

Our Commitment

St Francis Xavier 6th Form College affirms that individuals from minority ethnic groups are entitled to the same equal rights, responsibilities and opportunities as the majority population. The College strives to ensure that, whatever the heritage and origins of the members of the College community, everyone is equally valued and treats one another with respect. This commitment is an essential expression of “the Christian values that are the inspiration of the College”.

This policy statement reflects our equal opportunities policy and reminds us that diversity in our society is a strength and we must ensure equality and equity having regard to issues of gender, age, race, religion, disability and culture.

We will work towards the elimination of racism whether overt, covert or by omission, and we will ensure that individuals and communities have equal access to the curriculum and College facilities.

The College believes that its profile of learners and staff is testimony to the fulfilment of these objectives.

Ethnic breakdown for 2015/16 is as follows:

Student Population 2015/16

Ethnicity	New Students	Total
Other	3.8%	4.7%
Asian	4.3%	4.9%
Black African	39.5%	43.7%
Black Caribbean	32.4%	23.5%
Chinese	0.4%	0.6%
Mixed	9.0%	8.8%
White	10.6%	13.8%
Total	100%	100%

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Staff Recruitment 2015/16 (including internal appointments)

Ethnicity	Overall No's	% of total	2014/15 Recruitment	% of new
White	127	46.2%	113	49.1%
Mixed	13	4.7%	7	3.0%
Asian or Asian British	25	9.1%	17	7.4%
Other Asian	1	0.4%	0	0.0%
Black & Black British	75	27.3%	39	17.0%
Chinese or Other Ethnic Group	8	2.8%	7	3.0%
Not known *	26	9.5%	47	20.4%
Total Black & Ethnic Minorities	122	44.4%	79	30.4%
Overall Total	275	100%	230	100%

* Applicants from Agencies where ethnicity not given.

DISCLOSURE OF INFORMATION TO AUDITOR

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

Approved by order of the Board of Governors on 8th December 2016 and signed on its behalf by:

Chair



St Francis Xavier 6th Form College For the Year Ended 31 July 2016 Report of the Board of Governors

Key Management Personnel, Board of Governors and Professional advisers

Key management personnel

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

Stella Flannery Principal and CEO; Accounting officer
Andy Taylor Associate Principal Resources
Ciaran Graham Associate Principal Ethos & Student Welfare
Graham Thompson Associate Principal Curriculum

Board of Governors

A full list of Governors is given on page 15 of these financial statements.

Eleanor Lewis acted as Clerk to the Governing Body throughout the period.

Professional Advisers

Financial Statements and Regularity Internal Auditors: Auditor:

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

RSM Risk Assurance Services
25 Farringdon Street
London
EC4A 4AB

Bankers:

Allied Irish Bank
10 Berkeley Square
London
W1J 6AA

Solicitors:

Irwin Mitchell
40 Holborn Viaduct
London
EC1N 2PZ

St Francis Xavier 6th Form College

Year Ended 31 July 2016

Statement of Corporate Governance and Internal Control

Corporate Governance

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

The College endeavours to conduct its business:

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

The College is committed to exhibiting best practice in all aspects of corporate governance. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon the best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

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 due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

St Francis Xavier 6th Form College

Year Ended 31 July 2016

Statement of Corporate Governance and Internal Control

The Board of Governors

The Governors who served on the Board during the year and up to the date of signature of this report were as follows:

	<i>Date of appointment</i>	<i>Term of office</i>	<i>Date of resignation</i>	<i>Status of appointment</i>	<i>Committees Served</i>	<i>Full Board Attendance</i>
Mr J Lopes Albuquerque	06/07/2015	1 year	11/07/2016	Student Governor		33% (1/3)
Miss (Lara) Grace Arogundade	11/07/2016	1 year		Student Governor		100% (1/1)
Mr P Barber	01/07/2000	4 years Re-appointed 19/09/2016		Foundation Governor		100% (3/3)
Mr M Belfourd	10/06/2009	4 years Re-appointed 09/06/2013		Foundation Governor	Chair, Finance & Resources (F&R) Vice-Chair of Governors,	66% (2/3)
Ms O Butler	06/07/2015	1 year	11/07/2016	Student Governor		66% (2/3)
Ms P Cummings	24/01/2014	4 years		Foundation Governor	Finance & Resources (F&R)	100% (3/3)
Mr R Cuthbertson	25/03/2016	4 years		Staff Governor (teaching)		100% (1/1)
Miss F Doran	10/06/2009	4 years Re-appointed 09/06/2013		Foundation Governor	Vice-Chair Finance & Resources (F&R)	66% (2/3)
Ms H Everett	26/03/2008	4 years Re-elected & re-appointed 27/03/2012	24/03/2016	Staff Governor (teaching)	Audit	100% (2/2)
Miss C Ezekwe	24/06/2016	4 years		Foundation Governor	Curriculum, Standards & Quality (CSQ)	100% (1/1)
Mrs S Flannery	01/09/2009	Ex officio		Principal	Finance & Resources (F&R) Curriculum Standards & Quality (CSQ)	100% (3/3)
Mr C Garvey	08/06/2006	4 years Re-appointed 19/09/2016		Foundation Governor	Chair, Remuneration. Co-Chair, Curriculum Standards & Quality (CSQ) Chair of Governors from 1/08/2015	100% (3/3)

St Francis Xavier 6th Form College
Year Ended 31 July 2016
Statement of Corporate Governance and Internal Control

The Board of Governors (continued)

	<i>Date of appointment</i>	<i>Term of office</i>	<i>Date of resignation</i>	<i>Status of appointment</i>	<i>Committees Served</i>	<i>Full Board Attendance</i>
Fr William Hebborn	08/11/2014	4 years	19/09/2016	Foundation Governor		0% (0/3)
Mrs C Johnston	05/02/2010	4 years Re-appointed 04/02/2014	10/10/2015	Foundation Governor	Remuneration, Finance & Resources (F&R) Co-Chair Curriculum Standards & Quality (CSQ)	n/a
Ms S Jones	10/07/2006	4 years Re-appointed 08/07/2013		Co-opted Governor	Audit, Safeguarding, CSQ	100% (3/3)
Mrs S Long	09/12/2015	4 years		Staff Governor (non-teaching)		100% (3/3)
Mr M Lucas	06/03/2007	4 years Re-appointed 06/07/2012	23/06/2016	Foundation Governor	Chair of Audit	100% (2/2)
Mr J Opara	01/04/1997	4 years Re-appointed 19/09/2016		Foundation Governor	Finance & Resources (F&R)	100% (3/3)
Ms Patricia Rowe	08/12/2011	4 years Re-appointed 09/12/2015		Co-opted (LA nomination) Governor	Curriculum Standards & Quality (CSQ)	100% (3/3)
Mr N Sheta	17/05/2016	4 years		Foundation Governors	Audit	100% (1/1)
Mrs S Spazzini	11/03/2015	4 years		Foundation Governor	Audit	66% (2/3)
Mr R Vianello	28/10/2010	4 years Re-appointed 28/10/2014		Foundation Governor	Vice Chair of Audit	100% (3/3)

Mrs E Lewis acts as Clerk to the Board of Governors.

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

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

The Board of Governors conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Board of Governors. These committees are Finance and Resources, Remuneration, Curriculum, Standards and Quality, Appeals and Audit.

St Francis Xavier 6th Form College

Year Ended 31 July 2016

Statement of Corporate Governance and Internal Control

The Board of Governors (continued)

Full minutes of all meetings are available to download from the College website www.sfx.ac.uk or from the Clerk to the Governors at:

St Francis Xavier 6th Form College
10 Malwood Road
London
SW12 8EN

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

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

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

The Board of Governors has a strong and independent non-executive element and no individual or group (although Foundation Governors are always in the majority by three governors) dominates its decision making process. The Board of Governors considers that each of its non-executive members is independent of management and free from any business or other relationship, which could materially interfere with the exercise of their independent judgement.

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

Appointments to the Board of Governors

Any new appointments and re-appointments to the Board of Foundation Governors are a matter for the consideration of the Archbishop of Southwark. All administration is carried out by the Education Commission serving the Catholic Archdiocese of Southwark. The Board of Governors is responsible for ensuring that appropriate training is provided as required.

The Governors are appointed for a term of office not exceeding four years.

Corporation performance

Reflective self-evaluation for the year 2015/16 took place on Saturday 15 October 2016 at a focus and reflection morning for all Governors. At the direction of the Governing Body, the effectiveness of financial planning and internal control has been evaluated for 2015/16 using an FMCE Questionnaire template provided by the SFCA (Sixth Form College's Association) based on the pro-forma which had previously been an annual mandatory requirement of the funding body. That self-assessment exercise produced an outstanding grade for financial management and control.

St Francis Xavier 6th Form College

Year Ended 31 July 2016

Statement of Corporate Governance and Internal Control

Remuneration Committee

Throughout the year ended 31 July 2016, the College's Remuneration Committee comprised two / three Governors. The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer the Clerk to the Governors and other senior postholders based on report and review of performance.

Details of senior postholders' remuneration for the year ended 31 July 2016 are set out in note 6 to the financial statements.

Audit Committee

The Audit Committee comprises a Chair and up to four other members with a minimum of three (the majority of whom should be members of the Board of Governors). The committee operates in accordance with written terms of reference approved by the Board of Governors.

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

The Audit Committee is now guided by the agreed Board Assurance Framework in terms of the approach it takes to internal audit.

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

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

Based upon reports made to it, the Audit Committee monitors the adequacy and the effectiveness of the internal control system and reports to the Board of Governors. The Audit Committee also advises the Board of Governors on the appointment of internal, regularity and financial statements auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Corporation.

Internal Control

Scope of responsibility

The Board of Governors 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, not absolute assurance, against material misstatement or loss.

The Board of Governors 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 she is personally responsible, in accordance with the responsibilities assigned to her in Conditions of Funding Agreement between St Francis Xavier 6th Form College and the EFA. She is also responsible for reporting to the Board of Governors any material weaknesses, or breakdowns in internal control.

St Francis Xavier 6th Form College

Year Ended 31 July 2016

Statement of Corporate Governance and Internal Control

Internal Control (continued)

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 the agreed Board Assurance framework which is an ongoing process designed to identify and prioritise the risks to achievement of College policies, aims and objectives. It considers the likelihood of those risks being realised, impact should they be realised, and looks at ways to manage them efficiently, effectively and economically. The system of internal control has been in place in St Francis Xavier 6th Form College for the year ended 31 July 2016 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Governors has reviewed the risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors 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 ended 31 July 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

The risk and control framework

The system of internal control is based on a framework of regular management information and 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 Board of Governors;
- ◆ regular reviews by the Board of Governors of periodic and annual financial reports which indicate financial performance against forecasts;
- ◆ setting targets to measure financial and other performance;
- ◆ clearly defined capital investment control guidelines; and
- ◆ the adoption of formal project management disciplines, where appropriate.

St Francis Xavier 6th Form College engaged an internal audit service, which operates in accordance with the requirements of the EFA and SFA's Joint Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are designed based on this analysis and the assurance framework agreed with the Board of Governors. The analysis of risks and the internal audit plans are endorsed by the College's Board of Governors on the advice and recommendation of the Audit Committee. As a minimum annually, the Head of Internal Audit (HIA) provides the Board of Governors with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of internal control, risk management controls and governance processes and covers several of those risk and internal control areas which would formerly have been an integral part of overall assurance and the annual opinion of the audit service.

St Francis Xavier 6th Form College

Year Ended 31 July 2016

Statement of Corporate Governance and Internal Control

Internal Control (continued)

Review of effectiveness

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

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

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

The senior 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 the internal auditors, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board of Governors' agenda includes a regular item for consideration of risk and control and receives reports therein from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its Autumn term meeting on 8th December 2016 the Board of Governors carried out the annual assessment for the year ended 31 July 2016 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2016.

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

Going Concern

After making appropriate enquiries, the Board of Governors considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Approved by order of the Board of Governors on 8th December 2016 and signed on its behalf by:

Chair



Accounting Officer



St Francis Xavier 6th Form College

Year Ended 31 July 2016


Governing Body's statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding

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

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

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

Approved by order of the Board of Governors on 8th December 2016 and signed on its behalf by:

Chair 


Accounting Officer

St Francis Xavier 6th Form College

Year Ended 31 July 2016

Statement of Responsibilities of the Board of Governors

The Board of Governors is required to present audited financial statements for each financial year.

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

In preparing the financial statements, the Board of Governors is required to:

- ◆ select suitable accounting policies and apply them consistently;
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

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

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

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

Governors are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the EFA are used only in accordance with the Conditions of Funding Agreement with the EFA and any other conditions that may be prescribed from time to time. Governors must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, the Board of Governors is responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds by the EFA are not put at risk.

Approved by order of the Board of Governors on 8th December 2016 and signed on its behalf by:


Chair


Accounting Officer

St Francis Xavier 6th Form College

Year Ended 31 July 2016

Independent Auditor's Report to the Board of Governors of St Francis Xavier 6th Form College

We have audited the financial statements of St Francis Xavier 6th Form College for the year ended 31 July 2016, which comprise the group statement of comprehensive income, the group statement of changes in reserves, the group and College balance sheets, the group statement of cash flows, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

Respective responsibilities of Board of Governors and auditor

As explained more fully in the Statement of Responsibilities of the Board of Governors, the Board of Governors are responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion, the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the College's affairs as at 31 July 2016 and of the group's deficit of expenditure over income for the year then ended.

**St Francis Xavier 6th Form College
Year Ended 31 July 2016
Independent Auditor's Report to the Board of Governors of St
Francis Xavier 6th Form College**

Matters on which we are required to report by exception

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

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

Buzzacott LLP

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

14 December 2016

St Francis Xavier 6th Form College Year Ended 31 July 2016 Independent Reporting Accountant's Assurance Report on Regularity to the Board of Governors of St Francis Xavier 6th Form College and the Secretary of State for Education acting through the Education Funding Agency

In accordance with the terms of our engagement letter dated 27 April 2016 and further to the requirements of the funding agreement with Education Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by St Francis Xavier 6th Form College during the period 1 August 2015 to 31 July 2016 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

This report is made solely to the Board of Governors of St Francis Xavier 6th Form College and the Education Funding Agency in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Board of Governors of St Francis Xavier 6th Form College and the Education Funding Agency those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Governors of St Francis Xavier 6th Form College and Education Funding Agency for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of St Francis Xavier 6th Form College and the reporting accountant

The Board of Governors of St Francis Xavier 6th Form College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

**St Francis Xavier 6th Form College
Year Ended 31 July 2016
Independent Reporting Accountant's Assurance Report on
Regularity to the Board of Governors of St Francis Xavier 6th
Form College and the Secretary of State for Education acting
through the Education Funding Agency**

Approach (continued)

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

The work undertaken to draw to our conclusion includes:

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

Conclusion

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



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

14 December 2016

St Francis Xavier 6th Form College
Consolidated and College Statements of Comprehensive Income

	Notes	Year ended 31 July 2016		Year ended 31 July 2015	
		Group £000	College £000	Restated Group £000	Restated College £000
Income					
Funding body grants	2	7,897	7,897	8,015	8,015
Tuition fees and education contracts	3	102	102	94	94
Other income	4	582	460	540	540
Donations		-	33	-	-
Investment income	5	11	11	14	14
Total income		8,592	8,503	8,663	8,663
Expenditure					
Staff costs	6	6,602	6,551	6,698	6,698
Other operating expenses	7	1,711	1,673	1,591	1,591
Depreciation	9	496	496	509	509
Total expenditure		8,809	8,720	8,798	8,798
Deficit before other gains and losses		(217)	(217)	(135)	(135)
Deficit before tax		(217)	(217)	(135)	(135)
Taxation	8	-	-	-	-
(Deficit)/surplus for the year		(217)	(217)	(135)	(135)
Actuarial loss in respect of pensions schemes		(1,347)	(1,347)	(608)	(608)
Total Comprehensive Income for the year		(1,564)	(1,564)	(743)	(743)
Represented by:					
Restricted comprehensive income		-	-	-	-
Unrestricted comprehensive income		(1,564)	(1,564)	(743)	(743)

**St Francis Xavier 6th Form College
Consolidated and College Statement of Changes in Reserves**


	Restricted reserves	Income and expenditure account	Total
	£000	£000	£000
Group			
Restated Balance at 1 August 2014	<u>2</u>	<u>10,122</u>	<u>10,124</u>
Deficit from the income and expenditure account	(1)	(134)	(135)
Other comprehensive income	-	(608)	(608)
	<u>(1)</u>	<u>(742)</u>	<u>(743)</u>
Balance at 31 July 2015	1	9,380	9,381
Deficit from the income and expenditure account	-	(217)	(217)
Other comprehensive income	-	(1,347)	(1,347)
Total comprehensive income for the year	<u>-</u>	<u>(1,564)</u>	<u>(1,564)</u>
Balance at 31 July 2016	<u><u>1</u></u>	<u><u>7,816</u></u>	<u><u>7,817</u></u>
College			
Restated Balance at 1 August 2014	<u>2</u>	<u>10,122</u>	<u>10,124</u>
Deficit from the income and expenditure account	(1)	(134)	(135)
Other comprehensive income	-	(608)	(608)
	<u>(1)</u>	<u>(742)</u>	<u>(743)</u>
Balance at 31 July 2015	1	9,380	9,381
Deficit from the income and expenditure account	-	(217)	(217)
Other comprehensive income	-	(1,347)	(1,347)
Total comprehensive income for the year	<u>-</u>	<u>(1,564)</u>	<u>(1,564)</u>
Balance at 31 July 2016	<u><u>1</u></u>	<u><u>7,816</u></u>	<u><u>7,817</u></u>

St Francis Xavier 6th Form College
Consolidated and College Balance Sheets as at 31 July 2016

	Notes	Group	College	Group	College
		2016 £000	2016 £000	2015 £000	2015 £000
Non current assets					
Tangible fixed assets	9	14,283	14,283	14,497	14,497
		<u>14,283</u>	<u>14,283</u>	<u>14,497</u>	<u>14,497</u>
Current assets					
Debtors	11	270	360	280	280
Short term deposits		813	813	813	813
Cash at bank and in hand		1,643	1,549	1,488	1,488
		<u>2,726</u>	<u>2,722</u>	<u>2,581</u>	<u>2,581</u>
Less: Creditors – amounts falling due within one year	12	(501)	(497)	(575)	(575)
		<u>2,225</u>	<u>2,225</u>	<u>2,006</u>	<u>2,006</u>
Net current assets					
Total assets less current liabilities		16,508	16,508	16,503	16,503
Creditors: amounts falling due after one year	13	(4,256)	(4,256)	(4,247)	(4,247)
Provisions					
Defined benefit obligations	14	(4,351)	(4,351)	(2,793)	(2,793)
Other provisions	14	(84)	(84)	(82)	(82)
		<u>7,817</u>	<u>7,817</u>	<u>9,381</u>	<u>9,381</u>
Total Net Assets					
Restricted Reserves		1	1	1	1
Unrestricted Reserves					
Income and expenditure account		7,816	7,816	9,380	9,380
		<u>7,817</u>	<u>7,817</u>	<u>9,381</u>	<u>9,381</u>
Total Reserves					

The financial statements on pages 27 to 51 were approved by the Board of Governors on 8th December 2016.


C Garvey - Chair


S Flannery - Accounting Officer

**St Francis Xavier 6th Form College
Consolidated Statement of Cash Flows**

	Notes	Group 2016 £'000	Group Restated 2015 £'000
Cash flow from operating activities			
Surplus/(Deficit) for the year		(217)	(135)
Adjustment for non-cash items			
Depreciation		496	509
(Increase)/decrease in stocks		-	-
(Increase)/decrease in debtors		10	43
Increase/(decrease) in creditors due within one year		(74)	154
Increase/(decrease) in creditors due after one year		52	86
Increase/(decrease) in provisions		2	3
Current service cost less contributions payable		109	88
Net interest cost on pension scheme		102	75
Adjustment for investing or financing activities			
Investment income		(11)	(14)
Interest payable		6	3
Taxation paid			
Loss on sale of fixed assets		-	1
Net cash flow from operating activities		<u>475</u>	<u>813</u>
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	-
Disposal of non-current asset investments			
Investment income		11	14
Withdrawal of deposits			
New deposits			
Payments made to acquire fixed assets		(282)	(1,215)
		<u>(271)</u>	<u>(1,201)</u>
Cash flows from financing activities			
Interest paid		(6)	(3)
Interest element of finance lease rental payments			
New unsecured loans		-	200
Repayments of amounts borrowed		(43)	(21)
Capital element of finance lease rental payments			
		<u>(49)</u>	<u>176</u>
Increase / (decrease) in cash and cash equivalents in the year		<u>155</u>	<u>(212)</u>
Cash and cash equivalents at beginning of the year	15	2,301	2,513
Cash and cash equivalents at end of the year	15	2,456	2,301

St Francis Xavier 6th Form College

Year Ended 31 July 2016

Notes to the Financial Statements

1 Accounting Policies

Statement of accounting policies

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

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2015* (the 2015 FE HE SORP) and in accordance with Financial Reporting Standard 102 (FRS 102). They conform to guidance published jointly by the SFA and the EFA in the 2015/16 Accounts Direction Handbook.

Transition to the 2015 FE HE SORP

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

An explanation of how the transition to the 2015 FE HE SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the College is provided in note 22.

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

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

- ◆ Lease incentives – the College has continued to recognise the residual benefits associated with lease incentives on the same basis as that applied at the date of transition
- ◆ The College has taken advantage of the exemptions provided in FRS 102 1.12 and the 2015 FE HE SORP 3.3, and has not included a separate statement of its own cash flows. These cash flows are included within the Consolidated Statement of Cash Flows, and the College balance sheet discloses cash at both the current and preceding reporting dates

Basis of consolidation

The consolidated financial statements include the College and its subsidiary, SFX Corporate Services Limited (Company registration number 09413077). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All financial statements are made up to 31 July 2016.

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

St Francis Xavier 6th Form College

Year Ended 31 July 2016

Notes to the Financial Statements

1 Statement of Accounting Policies (continued)

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom Accounting Standards.

Going Concern

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

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

Recognition of income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102.

Income from grants, contracts and other services rendered is included to the extent the conditions of the funding have been met or the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

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

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the adult learner responsive funding element is normally adjusted for in year and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of November following the year end. 16-18 learner-responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments.

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

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

St Francis Xavier 6th Form College

Year Ended 31 July 2016

Notes to the Financial Statements

1 Statement of Accounting Policies (continued)

Accounting for post employment benefits

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes which are externally funded and contracted out of the State Earnings-Related Pension Scheme (SERPS).

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

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

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

Enhanced Pensions

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

Non-current assets – Tangible fixed assets

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

Land and buildings

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated over their expected useful economic life to the College of between 20 and 50 years. The related grants are credited to a deferred income account with creditors, and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

St Francis Xavier 6th Form College

Year Ended 31 July 2016

Notes to the Financial Statements

1 Statement of Accounting Policies (continued)

Tangible fixed assets (continued)

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

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

Subsequent expenditure on existing fixed assets

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

Land and buildings owned by third parties

Where the College enjoys the use of an asset which it does not own and for which no rental or a nominal rental is paid, if practicable, a value is attributed to this benefit and capitalised, with a corresponding credit to the general reserve for the land element and deferred capital grants for the building element which are subsequently released to the income and expenditure account over the useful economic life of the asset at the same rate as the depreciation charge on the related assets.

Equipment

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

Equipment is depreciated over its useful economic life as follows:

Furniture, catering equipment, office equipment	10% per year
General education equipment	12% per year
Audio-visual equipment, major building adaptation	12% to 20% per year
Computer and ancillary equipment	33% per year

Prepayment construction costs

Construction costs are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are transferred from debtors to fixed assets when they are brought in to use and then depreciated.

Borrowing costs

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

St Francis Xavier 6th Form College

Year Ended 31 July 2016

Notes to the Financial Statements

1 Statement of Accounting Policies (continued)

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term. The College has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1st August 2014.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts.

Taxation

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

The College receives no similar exemption in respect of Value Added Tax.

Provisions and contingent liabilities

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

Agency Arrangements

The College acts as an agent in the collection and payment of discretionary support Funds. Related payments received from the EFA (Education Funding Agency) and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in note 23, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant. The College employs one member of staff dedicated to administration of Bursary Fund applications and payments.

St Francis Xavier 6th Form College

Year Ended 31 July 2016

Notes to the Financial Statements

1 Statement of Accounting Policies (continued)

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- ◆ Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- ◆ Determine whether there are indicators of impairment of the group's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- ◆ **Tangible fixed assets**
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- ◆ **Local Government Pension Scheme**
The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 July 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

St Francis Xavier 6th Form College
Notes to the financial statements for the year ended 31 July 2016

2 Funding body grants

	Year ended 31 July		Year ended 31 July	
	2016 Group £000	2016 College £000	2015 Group £000	2015 College £000
Recurrent grants				
EFA recurrent grants - Main funding body	7,658	7,658	7,754	7,754
SEN Funding	109	109	80	80
Specific grants				
Release of deferred capital grants	130	130	181	181
	7,897	7,897	8,015	8,015

3 Tuition Fees and Education Contracts

	Year ended 31 July		Year ended 31 July	
	2016 Group £000	2016 College £000	2015 Group £000	2015 College £000
UK Further Education students	102	102	94	94
	102	102	94	94

4 Other Income

	Year ended 31 July		Year ended 31 July	
	2016 Group £000	2016 College £000	2015 Group £000	2015 College £000
Other income generating activities	444	322	416	416
Other income	138	138	124	124
	582	460	540	540

5 Investment Income

	Year ended 31 July		Year ended 31 July	
	2016 Group £000	2016 College £000	2015 Group £000	2015 College £000
Bank interest receivable	11	11	14	14
	11	11	14	14

St Francis Xavier 6th Form College
Notes to the financial statements for the year ended 31 July 2016

6 Staff Costs - Group and College

The average number of persons (including senior post-holders) employed by the Group and College during the year, expressed as full-time equivalents, was:

	2016 Number	2015 Number
Teaching staff	74	72
Non teaching staff	57	63
	<u>131</u>	<u>135</u>

Staff costs for the above persons:

	Year ended 31 July 2016		Year ended 31 July 2015	
	Group £000	College £000	Group £000	College £000
Wages and salaries	5,293	5,242	5,482	5,482
Social security costs	446	446	450	450
Other pension costs	863	863	766	766
Payroll sub total	<u>6,602</u>	<u>6,551</u>	<u>6,698</u>	<u>6,698</u>
Total Staff costs	<u>6,602</u>	<u>6,551</u>	<u>6,698</u>	<u>6,698</u>

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Leadership Team which comprises the Principal along with the Associate Principals.

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

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

	Key management personnel		Other Staff	
	2016 No.	2015 No.	2016 No.	2015 No.
£ 20,001 to £ 30,000	-	1	-	-
£ 30,001 to £ 40,000	-	-	1	-
£ 40,001 to £ 50,000	-	-	2	-
£ 50,001 to £ 60,000	-	-	3	-
£ 60,001 to £ 70,000	1	-	1	3
£ 70,001 to £ 80,000	1	-	-	1
£ 80,001 to £ 90,000	1	-	-	1
£ 120,001 to £ 130,000	1	1	-	-
	<u>4</u>	<u>2</u>	<u>7</u>	<u>5</u>

St Francis Xavier 6th Form College
Notes to the financial statements for the year ended 31 July 2016

6 Staff Costs - Group and College (continued)

	2016	2015
	No.	No.
The number of key management personnel including the Accounting Officer was:	<u>4</u>	<u>2</u>

Key management personnel emoluments are made up as follows:

	2016	2015
	£000	£000
Salaries	339	146
Benefits in kind	<u>2</u>	<u>2</u>
	341	148
Pension contributions	<u>57</u>	<u>21</u>
Total emoluments	<u>398</u>	<u>169</u>

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 officer) of:

	2016	2015
	£000	£000
Salary	127	122
Benefits in kind	<u>2</u>	<u>2</u>
	<u>129</u>	<u>124</u>
Pension contributions	<u>22</u>	<u>17</u>

The pension contributions in respect of the Accounting Officer and senior post-holders are in respect of employer's contributions to the Teachers' Pension Scheme and the Local Government Pension Scheme and are paid at the same rate as for other employees.

The Governors of the Board other than the Accounting Officer and the staff member did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

Senior post-holders, including the Accounting Officer and other higher paid staff received around a 1% pay increase as agreed by the Remuneration Committee. No bonuses or other salary enhancements were awarded to senior post holders or other higher paid staff.

St Francis Xavier 6th Form College
Notes to the financial statements for the year ended 31 July 2016

7 Other Operating Expenses

	2016 Group £'000	2016 College £'000	2015 Group £'000	2015 College £'000
Teaching costs	354	354	365	365
Non teaching costs	959	921	896	896
Premises costs	296	296	317	317
Pension finance costs (note 23)	102	102	13	13
Total	1,711	1,673	1,591	1,591

Other operating expenses include:

	2016 £000	2015 £000
Auditors' remuneration:		
- financial statements audit (including regularity and TPA audit) *	18	15
- internal audit **	6	6
Operating leases	27	23

* includes £15,000 in respect of the College (2014/15 £15,000)

** includes £6,000 in respect of the College (2014/15 £6,000)

8. Taxation - Group only

	2016 £'000	2015 £'000
United Kingdom corporation tax at 20 per cent	-	-
Provision for deferred corporation tax in the accounts of the subsidiary company	-	-
Total	-	-

St Francis Xavier 6th Form College
Notes to the financial statements for the year ended 31 July 2016

9 Tangible Fixed Assets (Group and College)

	Land and Buildings			Equipment £000	Total £000
	Freehold £000	Long Leasehold £000	Owned by third party £000		
Cost					
At 1 August 2015	10,755	16	7,000	3,015	20,786
Additions	15	-	-	267	282
Disposals	-	-	-	(334)	(334)
At 31 July 2016	10,770	16	7,000	2,948	20,734
Depreciation					
At 1 August 2015	2,596	9	975	2,709	6,289
Charge for year	248	2	65	181	496
Eliminated in respect of disposals	-	-	-	(334)	(334)
At 31 July 2016	2,844	11	1,040	2,556	6,451
Net book value					
At 31 July 2016	7,926	5	5,960	392	14,283
<i>Net book value</i>					
At 31 July 2015	8,159	7	6,025	306	14,497

Finance lease

Included above is equipment under a finance lease, cost £133,562 (2015: £133,562), depreciation £133,562. (2015: £133,562) with a net book value of £nil (2015: £nil)

Freehold and long leasehold land and buildings

Land and buildings were valued in 1996 at depreciated replacement cost by a firm of independent chartered surveyors. Other tangible fixed assets inherited from the LEA at incorporation have been valued by the College on a depreciated replacement cost basis with the assistance of independent professional advice.

Land and buildings owned by a third party

Land and buildings owned by the Diocese of Southwark were valued on a depreciated replacement cost basis as at 1 April 2001 by a firm of independent chartered surveyors.

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

St Francis Xavier 6th Form College
Notes to the financial statements for the year ended 31 July 2016

10 Non current Investments

	2016 £000	2015 £000
Investments in subsidiary company	-	-

The College owns 100 per cent of the issued ordinary £1 shares in SFX Corporate Services Limited, which was incorporated on 29 January 2015 in England and Wales (company registration number: 09413077). The principal activity of SFX Corporate Services Limited is that of a service company.

11 Debtors

	Group 2016 £'000	College 2016 £'000	Group 2015 £'000	College 2015 £'000
Amounts falling due within one year				
Trade debtors	17	11	17	17
Prepayment construction costs	19	19	-	-
Amounts owed by subsidiary undertaking	-	96	-	-
Prepayments and accrued income	234	234	263	263
	<u>270</u>	<u>360</u>	<u>280</u>	<u>280</u>

12 Creditors: Amounts Falling Due Within One Year

	Group 2016 £'000	College 2016 £'000	Group 2015 £'000	College 2015 £'000
Bank loans	48	48	48	48
Payments received in advance	46	46	41	41
Trade creditors	68	68	137	137
Other creditors	90	90	94	94
Accruals	119	115	125	125
Deferred income - government capital grants	130	130	130	130
	<u>501</u>	<u>497</u>	<u>575</u>	<u>575</u>

13a Creditors: Amounts Falling Due After More Than One Year

	Group 2016 £'000	College 2016 £'000	Group 2015 £'000	College 2015 £'000
Bank loans	88	88	131	131
Deferred income - government capital grants	4,168	4,168	4,116	4,116
	<u>4,256</u>	<u>4,256</u>	<u>4,247</u>	<u>4,247</u>

13b Bank Loan Maturity

	Group 2016 £'000	College 2016 £'000	Group 2015 £'000	College 2015 £'000
Bank loans and overdrafts are repayable as follows:				
In one year or less	48	48	48	48
Between one and two years	48	48	48	48
Between two and five years	40	40	83	83
In five years or more	-	-	-	-
Total	<u>136</u>	<u>136</u>	<u>179</u>	<u>179</u>

Bank loan at 3.5% repayable by installments falling between 14 January 2015 and 14 May 2018 and is unsecured

St Francis Xavier 6th Form College
Notes to the financial statements for the year ended 31 July 2016

14 Provisions (Group and College)

	Defined benefit obligations £000	Enhanced pensions £000	Total £000
At 1 August 2015	2,793	82	2,875
Expenditure in the period	(245)	(1)	(246)
Additions in the period	1,803	3	1,806
At 31 July 2016	<u>4,351</u>	<u>84</u>	<u>4,435</u>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 18.

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

15 Cash and cash equivalents (Group)

	At 1 August 2015 £'000	Cash flows £'000	Other changes £'000	At 31 July 2016 £'000
Cash and cash equivalents	2,301	155	-	2,456
Overdrafts				-
Total	<u>2,301</u>	<u>155</u>	<u>-</u>	<u>2,456</u>

16 Capital and other commitments

	Group and College	
	2016 £'000	2015 £'000
Commitments contracted for at 31 July	188	-
	<u>188</u>	<u>-</u>

The College is undertaking an enhanced security project, which involves the installation of new external and internal security gates and associated tracking systems. This project has been supported by a grant of £144k from the EFA Condition Improvement fund.

St Francis Xavier 6th Form College
Notes to the financial statements for the year ended 31 July 2016

17 Lease Obligations

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

	Group and College	
	2016	2015
	£'000	£'000
Future minimum lease payments due		
Land and Buildings		
Not later than one year	15	14
Later than one year and not later than five years	60	54
Later than five years	4	14
	<u>79</u>	<u>82</u>

St Francis Xavier 6th Form College
Notes to the financial statements for the year ended 31 July 2016

18 Pension and similar obligations

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

Total pension cost for the year	2016	2015
	£000	£000
Teachers Pension Scheme: contributions paid	509	432
Local Government Pension Scheme:		
Contributions paid	252	259
FRS102 (28) charge	102	75
Charge to the General Reserve (Staff costs)	354	334
Total pension cost for the year	863	766

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial formal valuation of the TPS was 31 March 2004 and of the LGPS, 31 March 2013.

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

Teachers' Pension Scheme

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

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is in unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return which is equivalent to assuming that the balance in the Account is invested in notional investments.

Valuation of the Teachers' Pension Scheme

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

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

St Francis Xavier 6th Form College
Notes to the financial statements for the year ended 31 July 2016

18 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

The new employer contribution rate for the TPS will be implemented in September 2015.
A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension

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

Scheme Changes

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

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

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

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

The pension costs paid to TPS in the year amounted to £509,000 (2015: £432,000)

FRS 102 (28)

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

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

St Francis Xavier 6th Form College
Notes to the financial statements for the year ended 31 July 2016

18 Pension and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2016 was £288,000 (2015 - £301,000) of which employers' contributions totalled £209,000 plus £42,845 additional lump sum (2015 - £41,000) and employees' contributions totalled £79,000 (2015 - £218,000). The agreed contribution rates are 17.3% from April 2014, previously 16.5%, plus an annual lump sum (2016/17 - £44,774) for employers and 5.5% - 7.5% for employees.

Principle Actuarial Assumptions

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

	At 31 July 2016	At 31 July 2015
Inflation assumption (RPI)	3.1%	3.5%
Inflation assumption (CPI)	2.2%	2.6%
Rate of increase in salaries	4.0%	4.4%
Rate of increase for pensions in payment/inflation	2.2%	2.6%
Discount rate for liabilities	2.6%	3.8%

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

	At 31 July 2016	At 31 July 2015
Current pensioners		
. Males	22.1	22
. Females	25.3	25.2
Future pensioners		
. Males	24.5	24.4
. Females	27.6	27.5

The College's assets and liabilities in the scheme and the expected rates of return were:

	Value at 31 July 2016 £000	Value at 31 July 2015 £000
Equities	2,717	2,163
LDI/Cashflow matching	461	707
Target Return Portfolio	1,284	950
Infrastructure	373	263
Commodities	28	22
Property	197	154
Cash	220	631
Total Market Value of assets	<u>5,280</u>	<u>4,890</u>

No long-term expected rate of return has been provided, as for accounting periods beginning on or after 1 January 2015, the expected return and interest cost will be replaced with a single net interest cost. This will effectively set the expected return at a level equal to the discount rate of 2.6% (2015 - 3.8%).

St Francis Xavier 6th Form College
Notes to the financial statements for the year ended 31 July 2016

18 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	Year ended 31 July 2016 £000	Year ended 31 July 2015 £000
Estimated employer assets	5,280	4,890
Present value of scheme liabilities	(9,631)	(7,683)
Deficit in the scheme	<u>(4,351)</u>	<u>(2,793)</u>

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

	2016 £000	2015 £000
Amounts included in staff costs		
Current service costs	354	334
Total	<u>354</u>	<u>334</u>

Amounts included in investment income

Net interest income	(102)	(81)
	<u>(102)</u>	<u>(81)</u>

Amount recognised in Other Comprehensive Income

Return on pension plan assets	75	10
Changes in assumptions underlying the present value of plan liabilities	(1,422)	(618)
Amount recognised in Other Comprehensive Income	<u>(1,347)</u>	<u>(608)</u>

Movement in net defined liability during year

Net defined liability in scheme at 1 August 2015	(2,793)	(2,022)
Movement in year:		
Current service cost	(354)	(334)
Employer contributions	252	259
Net interest on the defined (liability)/asset	(102)	(81)
Administration expenses	(7)	(7)
Amount recognised in other comprehensive income	(1,347)	(608)
Net defined liability in scheme at 31 July 2016	<u>(4,351)</u>	<u>(2,793)</u>

St Francis Xavier 6th Form College
Notes to the financial statements for the year ended 31 July 2016

18 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Asset and Liability Reconciliation

	2016	2015
	£000	£000
Changes in the present value of defined benefit obligations		
Defined benefit obligation at 1 August 2015	7,683	6,538
Current service cost	354	334
Interest cost	290	279
Contributions by Scheme participants	79	83
Changes in financial assumptions	1,422	618
Estimated benefits paid	(197)	(169)
Defined benefit obligation at 31 July 2016	9,631	7,683

	2016	2015
	£000	£000
Reconciliation of assets		
Changes in fair value of plan assets at 1 August 2015	4,890	4,516
Interest on plan assets	188	198
Return on plan assets	75	10
Administration expenses	(7)	(7)
Employer contributions	252	259
Contributions by Scheme participants	79	83
Estimated benefits paid	(197)	(169)
Changes in fair value of plan assets at 31 July 2015	5,280	4,890

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Notes to the financial statements for the year ended 31 July 2016

19 Related Party Transactions

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

The total expenses paid to or on behalf of the Governors during the year was £nil (2015 : £nil)
This represents travel and subsidence expenses and other out of pocket expenses incurred in attending Governors meetings or charity events in their official capacity.

No Governor received any remuneration or waived payments from the College or its subsidiaries during the year (2015: none).

20 Transition to FRS 102 and the 2015 FE HE SORP

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

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

	Note	1st August 2014		31st July 2015	
		Group £'000	College £'000	Group £'000	College £'000
Financial Position					
Total reserves under previous SORP		5,329	5,329	4,710	4,710
Employee leave accrual	(a)	(10)	(10)	(10)	(10)
Release of non-government capital grants	(b)	4,832	4,832	4,708	4,708
Correction of error relating to capital grants	(b)	(27)	(27)	(27)	(27)
Total effect of transition to FRS 102 and 2015 FE HE SORP		<u>4,795</u>	<u>4,795</u>	<u>4,671</u>	<u>4,671</u>
Total reserves under 2015 FE HE SORP		<u>10,124</u>	<u>10,124</u>	<u>9,381</u>	<u>9,381</u>
Financial performance					
Surplus for the year after tax under previous SORP			64	64	
Reversal of capital grants amortisation	(b)		(124)	(124)	
Changes in recognition in defined benefit costs	(c)		(75)	(75)	
Pensions provision – actuarial loss			(608)	(608)	
Total effect of transition to FRS 102 and 2015 FE HE SORP			<u>(807)</u>	<u>(807)</u>	
Total comprehensive income for the year under 2015 FE HE SORP			<u>(743)</u>	<u>(743)</u>	

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Notes to the financial statements for the year ended 31 July 2016

20 Transition to FRS 102 and the 2015 FE HE SORP (continued)

a) Recognition of short term employment benefits

No provision for short term employment benefits such as holiday pay was made under the previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. The annual leave year runs to 31st August each year for both teaching and non-teaching staff meaning that, at the reporting date, there was an average of zero days unused leave for teaching staff and two days unused leave for non-teaching staff. In addition, certain non-teaching employees are entitled to carry forward up to five days of any unused holiday entitlement at the end of the leave year. The cost of any unused entitlement is recognised in the period in which the employee's services are received. An accrual of £8k was recognised at 1 August 2014, and at 31 August 2015. Following a re-measurement exercise in 2015/16, the movement on this provision of £nil has been charged to Comprehensive Income in the year ended 31 July 2016.

b) Non-government grants accounted for under performance model

The College has previously been in receipt of certain capital grants from sources other than those classified as "government" under FRS 102 and the 2015 FE HE SORP. Under the previous UK GAAP and 2007 SORP, these were able to be capitalised and amortised over the remaining useful economic life of the relevant fixed assets. This accounting treatment is no longer available for non-government grants and the grants have therefore been accounted for under the performance model and treated as if they had been credited to Comprehensive Income immediately that the performance conditions had been met. A corresponding adjustment has been made to the income recognised in the 2015 results that related to the annual amortisation of the capital grants involved.

c) Change in recognition of defined benefit plan finance costs

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

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

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

21 Amounts disbursed as agent

	2016	2015
	£000	£000
Bursary funds		
Funding body grants	252	250
Disbursed to students	(239)	(238)
Admin fees	(13)	(12)
Balance unspent as at 31 July	<u> -</u>	<u> -</u>

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