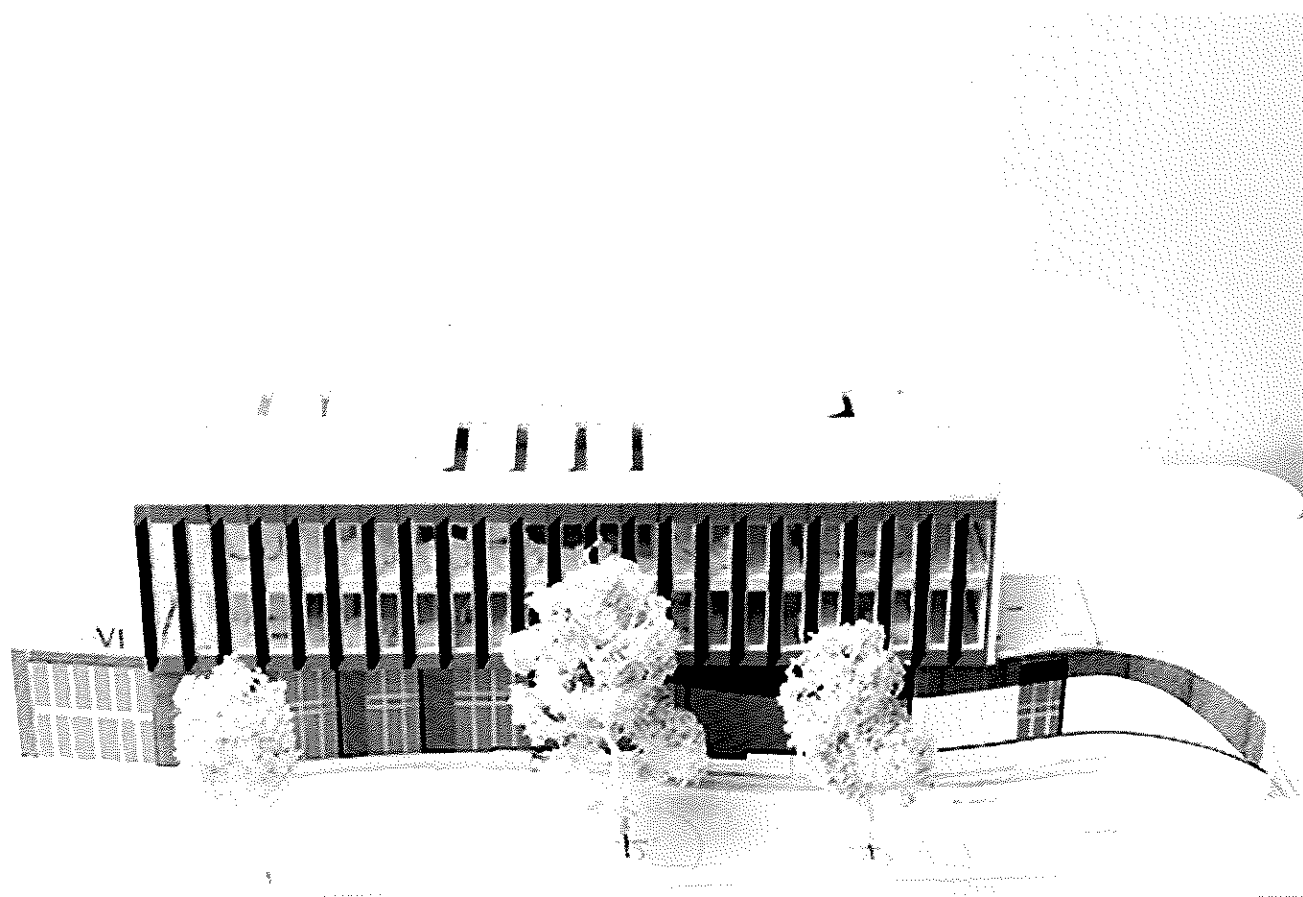




NEWHAM SIXTH FORM COLLEGE

**Report and Financial Statements
for the year ended 31 July 2015**



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Operating and Financial Review

NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements for the year ended 31 July 2015.

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Newham Sixth Form College. The College is an exempt charity for the purposes of Part 3 the Charities Act 2011.

Mission

The College's mission statement is:

"Our mission is to create a successful learning community".

Public Benefit

Newham Sixth Form College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education as Principal Regulator for all sixth form colleges in England.

The members of the Governing Body who are trustees of the charity are disclosed on page 13.

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

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

- High-quality teaching with good student outcomes and progression rates
- Widening participation and tackling social exclusion
- Strong student support systems
- Links with employers, industry and commerce

Implementation of strategic plan

Each year the College adopts a Development Plan for the coming academic year. The Corporation monitors the performance of the College against this plan. The plan is reviewed and updated through the year. The College has also written a longer term vision, "NewVic 25", which visualises the College in its 25th anniversary year of 2017/18.

The Corporation approved a three-year financial plan in July 2015 for the period 1 August 2015 to 31 July 2017. This plan was submitted to the EFA in July 2015.

The College undertook a significant review of its property strategy in 2011/12 and commissioned work to identify and evaluate appropriate sites in Stratford. The logistical and financial challenges of this strategy led the Corporation to decide to focus on a redevelopment masterplan for the Prince Regent Lane campus. In the year to July 2013 an extensive consultation with stakeholders took place, leading to the development of a campus masterplan which was approved by the Corporation.

The first phase of this plan is now under construction, with completion programmed for the start of the academic year 2016/17. The new building will provide a much better entrance, a new Learning Resource Centre, a drama studio and café/social space for students.

Operating and Financial Review (continued)

The College's strategic objectives and accompanying targets are:

To be successful by

- Becoming outstanding in all we do
- Aiming to be well above average for student progress
- Being the first choice college for students and staff

To promote learning by

- Developing skilled learners committed to continuous improvement
- Offering a responsive and challenging curriculum and a stimulating learning environment
- Ensuring consistently excellent teaching and best practice

To develop our community by

- Valuing diversity and inclusiveness and advancing equality
- Promoting citizenship and our shared values
- Making a difference to people's lives and contributing to our local economy

Financial objectives

The College's financial objectives are:

- to maintain an annual operating surplus
- to pursue alternative sources of funding, on a selective basis, consistent with the College's core competencies, and the need for a financial contribution to the College's overall finances
- to generate sufficient levels of income to support the asset base of the College
- to further improve the College's shorter term liquidity
- to fund continued capital investment.

A series of performance indicators have been agreed to monitor the successful implementation of the policies.

Operating and Financial Review (continued)

Performance indicators

KEY RATIOS			
	2015 Actual	2016 Plan	2017 Plan
Liquidity - how much of a cash safety net does the College have at its disposal?			
Cash days in hand	140.61	32.83	31.32
Current ratio	3.88	1.33	1.28
Margin - how successful is the College being at delivering a balanced budget?			
Adjusted operating position as a percentage of income	1.98%	0.10%	-3.01%
Available reserves as a percentage of income	74.08%	76.65%	74.33%
Income - how reliant is the College on EFA income?			
Dependency on EFA income	96.45%	96.46%	96.49%
Expenditure - how successful is the College at keeping wage costs under control?			
Staff costs as % of income (incl. contract tuition services)	72.86%	73.46%	74.89%
Framework for Excellence financial health grade	Outstanding	Good	Good

Note: The changing financial health of the College is due to the redevelopment being part funded by a loan. This is part of the overall strategy approved by the Corporation.

The College is committed to observing the importance of sector measures and indicators. The College is required to complete the annual Finance Record for the Education Funding Agency. The Finance record produces a financial health grading. The current grading of 'outstanding' is considered acceptable.

Although the EFA continues to measure FE performance in terms of contribution to national targets, individual colleges are now required to submit three-year development plans which are reviewed each year. These development plans focus on four headline targets:

- learner number growth and achievement of EFA funding targets
- learner success rates
- teacher qualifications
- employer engagement

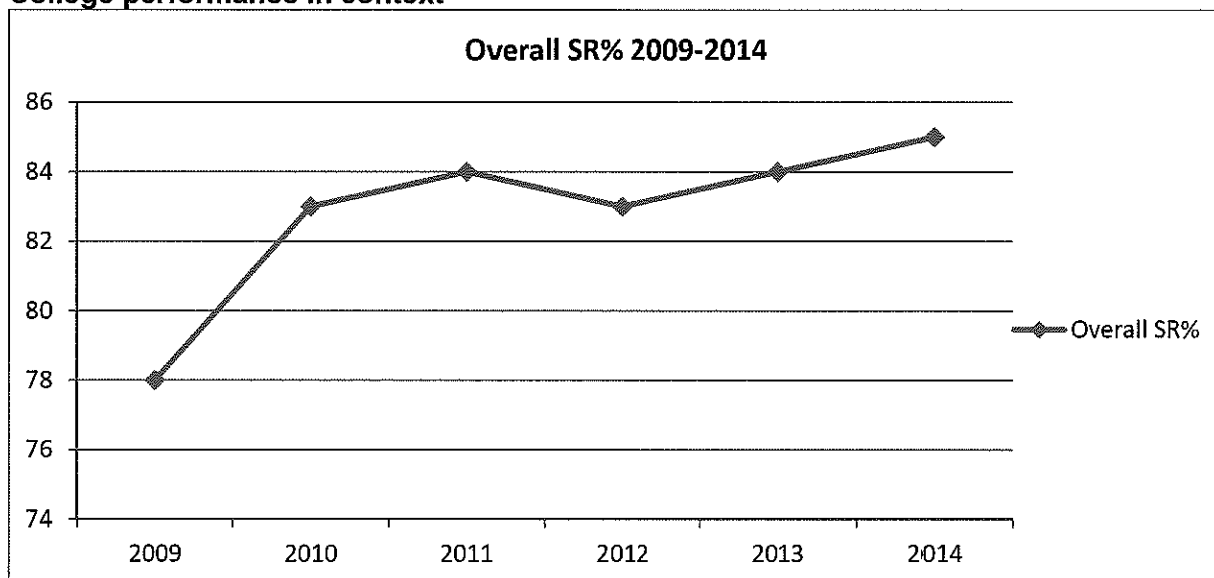
Operating and Financial Review (continued)

Performance 2014-15: Overview of college Success Rates

Overall college performance

- The overall college success rate for 2014-15 has increased by 1% to 85.3%.
- This is 0.7% below the SFC sector average and target set for 2014-15 (86%) but 1% higher than the sector average for all post 16 institutions.

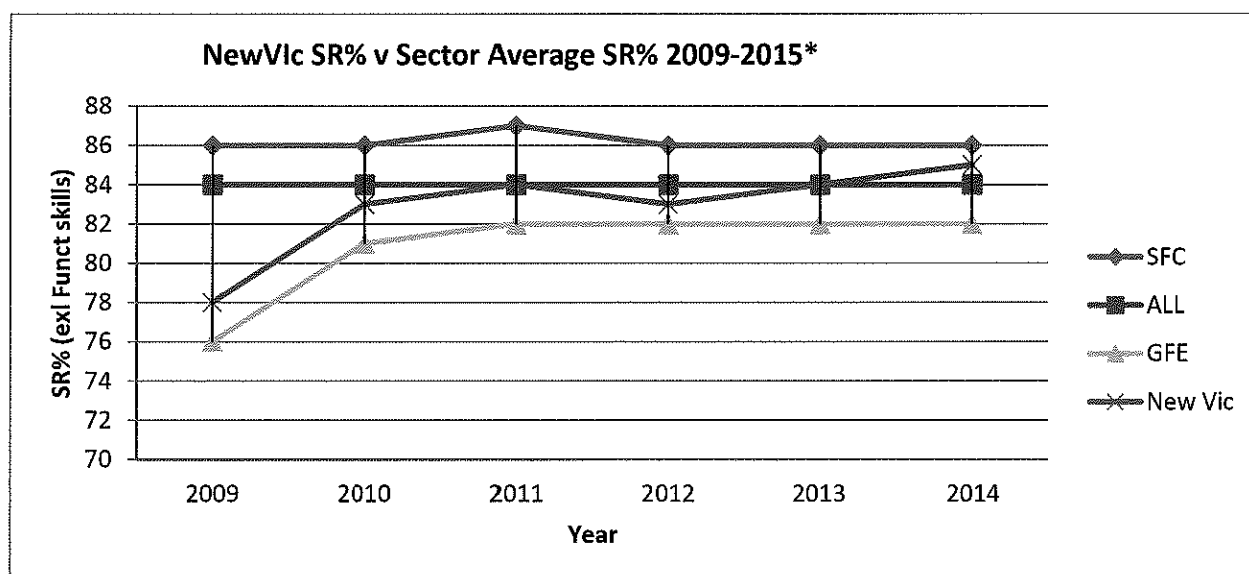
College performance in context



** excluding functional skills

- The diagram above shows the overall college success rate (SR) performance for the last six years.
- After a 3 year plateau in the SR% a rise of 1% is an encouraging sign providing some evidence that improvement strategies implemented last year are beginning to have impact, particularly on level 3 courses (AS/A-level and level 3 vocational).
- The diagram below compares our overall college success rate (SR%) to the national average SR for: Sixth Form Colleges (SFC), General Further Education Colleges (GFE) and for all post 16 providers based on a like for like comparison for courses we run at NewVlc.
- NewVlc's performance gap with the SFC sector has narrowed from 2% to 1% and has nudged ahead the 'all college' and GFE averages by 1% and 3% respectively.

Operating and Financial Review (continued)



* excl Functional skills

Provisional 2015 university progression data shows that:

- 770 NewVic leavers progressed to university
- This represents 91% of all university applicants at the College
- This is 81% of the cohort of advanced leavers – including both A-level and vocational students and those who chose not to apply to university
- 90 NewVic leavers progressed to Russell Group universities

All four achievements represent a record high for NewVic.

FINANCIAL POSITION

Financial results

The College generated an operating deficit in the year of £205k (2013/14: surplus £578k). The result in 2014/15 is stated after accounting for a loss on disposal of £281k relating to the demolition of a small portion of the inherited estate to make way for Phase One of the College redevelopment plan (2013/14: £119k relating to other disposals). The results are also stated after the impact of the FRS17 pension charge of £264k (2013/14: 192k).

The College has accumulated reserves of £8.8 million (2013/14: £9.4 million) and cash balances of £6.3 (2013/14: £6.9 million). The reduction in reserves is attributable to the increased FRS17 pension liability which increased by £1.1 million (2013/14: 0.8 million). The College wishes to continue to accumulate reserves from operations to fund the planned campus development and other investments in the student learning environment.

Tangible fixed asset additions during the year amounted to £3.1 million (2013/14: £2.6 million). This was split between land and buildings acquired of £2.3 million (2013/14: 1.6 million) and equipment purchased of £0.8 million (2013/14: £0.5 million). A total of £1.0 million of this spend has been on Phase One of the campus redevelopment plan (2013/14: £0.1 million) with the remainder relating to the construction of a new modular building housing classrooms as well as other general capital and IT upgrades.

The College has significant reliance on the EFA for its principal funding source, largely from recurrent grants. In 2014/15 the EFA provided 96.45% of the College's total income.

The College has one subsidiary company, Stratford Circus Ltd. On 1 January 2012 the activity of the company was subject to a Business Transfer Agreement with Stratford Arts Trust, a new organisation established to give

Operating and Financial Review (continued)

Stratford Circus an independent and viable future. The subsidiary company is now dormant and in the process of being wound up.

Treasury policies and objectives

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

The College has a separate treasury management policy in place.

Short term borrowing for temporary revenue purposes is authorised by the Principal. Such arrangements are restricted by limits in the Financial Memorandum with the EFA. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum of the EFA.

Cash flows and liquidity

Operating cash inflows of £1,381k (2013/14 - £2,053k) and withdrawals of deposits of £2,020k (2013/14: placing of deposits £806k) were invested in £2,055k of capital expenditure, net of grant income (2013/14 - £1,429k).

The College has cash on deposit and no loans.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2014/15 the College has delivered activity that has produced £15.6 million in EFA main allocation funding (2013/14: £15.8 million). The College had approximately 2,637 EFA and SFA-funded learners.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. The College incurred no interest charges in respect of late payments for this period.

Post-balance sheet events

None.

Future developments

The College is developing its main campus at Prince Regent Lane, but will remain open to potential partnerships to establish opportunities for our students in areas such as performing arts, science and giving extra-curricular support, either on the campus or elsewhere.

Operating and Financial Review (continued)

RESOURCES:

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

The principal tangible resource is the main college site in Prince Regent Lane.

Financial

The College has £19.3 million of net assets (2013/14: £20.1 million). This includes £3.3 million pension liability (2013/14: £2.3 million) and no long term debt.

People

The College employs 254 people (expressed as full time equivalents) (2013/14: 254), of whom 143 are teaching staff (2013/14: 138).

Reputation

The College has a good reputation locally and nationally. Maintaining a quality brand is essential for the College's success in attracting students and external relationships, especially in view of increasing local competition. Following a disappointing Ofsted report in 2014, the College undertook a programme of improvement and when re-inspected in October 2015 it was rated as Good (Grade 2). The report stated "Financial management is particularly strong, and senior leaders apply and develop college resources very effectively to enhance students' experiences at the college." The College remains confident of its standing in the educational community.

PRINCIPAL RISKS AND UNCERTAINTIES:

The College continues to develop and embed a system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

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

As a major project, the current redevelopment works have a separate risk register, which is reported to the Corporation.

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. Government funding

The College has considerable reliance on continued government funding through the EFA and SFA. Continual pressure on public funds places a heavy emphasis on the College to increase efficiency.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- By ensuring the College is rigorous in delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding
- Regular dialogue with the regional EFA

2. Maintain adequate funding of pension liabilities

The financial statements report the share of the pension scheme deficit on the College's balance sheet in line with the requirements of FRS 17.

Operating and Financial Review (continued)

STAKEHOLDER RELATIONSHIPS

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

- Students;
- Education sector funding bodies;
- Sixth Form Commissioner;
- Staff;
- Local employers (with specific links);
- Local Authorities;
- Local Enterprise Partnerships (LEPs);
- The local community;
- Other FE/HE institutions;
- Trade unions;
- Professional bodies.
- Commercial partners;
- Charitable and philanthropic trusts;

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

Equal opportunities and employment of disabled persons

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

The College's Equal Opportunities Policy, including its Race Relations and Transgender Policies, is published on the College's Internet site.

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

Disability statement

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

- a) As part of its accommodation strategy the College updates its access audit as needed.
- b) The College nominates specific staff, who provide information, advice and arrange support where necessary for students with disabilities.
- c) There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the learning centre.
- d) The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.

Operating and Financial Review (continued)

- e) The College has made a significant investment in the appointment of specialist lecturers 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.
- f) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
- g) Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

Disclosure of information to auditors

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

Approved by order of the members of the Corporation on 1 December 2015 and signed on its behalf by:



Gail May
Chair of the Corporation

Operating and Financial Review (continued)

Professional advisers

Financial statement and regularity auditors:

Buzzacott LLP
130 Wood Street
London EC2V 6DL

Internal auditors:

MacIntyre Hudson Associates
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

Bankers:

Lloyds Bank plc
4th Floor
25 Gresham Street
London
EC2V 7HN

Solicitors:

Clarkslegal
One Forbury Square
The Forbury
Reading
RG1 3EB

Project Manager:

CPB Projects
19 Cumberland Way
Barwell
Leicestershire LE9 8HX

Architect:

Shepherd Epstein Hunter
Phoenix Yard
65 Kings Cross Road
London WC1X 9LW

Quantity Surveyor:

Rider Levitt Bucknell
60 New Broad Street
London EC2M 1JJ

Clerk to the Corporation:

Paul Baglee ACIS
Newham Partnership Working
Francis House
760-762 Barking Road
London E13 9PJ

Statement of Corporate Governance and Internal Control

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

The College endeavours to conduct its business:

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

In the opinion of the Governors, the College complies with all the provisions of the Foundation Code, and it has complied throughout the year ended 31 July 2015. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The English Colleges' Foundation Code of Governance issued by the Association of Colleges in December 2011, which it formally adopted in February 2012.

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

Statement of Corporate Governance and Internal Control (continued)**The Corporation**

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

Name	Date of Appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance (%)
Meg Dabasia	24/06/97	4 years		Independent	Audit	66
Christopher Owens	13/12/13	4 years		Independent		66
Gail May (Elected Chair 13/10/15, previously Vice-Chair)	01/12/08	4 years		Independent	Search	100
Jessie Robinson	16/10/13	4 years		Independent	Search	66
Rania Hafez	16/10/13	4 years		Independent	Audit	33
Jay Nair (Elected Vice-Chair 13/10/15)	16/10/13	4 years		Independent	Audit	83
Jonathan Birdwell	16/10/13	4 years		Independent	Audit - Chair	83
Philip Dewe (Chair until resignation)	12/12/06	4 years	14/08/15	Independent	Search - Chair	83
Chinye Jibunoh	12/02/14	4 years		Independent		66
Shazi Ali-Webber	09/02/15	4 years		Independent	Search	75
Terry Paul	24/03/15	4 years		Independent		50
Claire Blakemore	25/03/15	4 years		Independent		50
Allison Locke	24/10/14	4 years		Staff		100
Susan Landeryou	06/12/10	4 years		Staff		66
Nadia Sayed	25/09/14	1 year	11/02/14	Student		50
Vanessa Joshua	01/07/14	1 year	30/06/15	Student		33
Halimo Hassan	11/02/15	1 year	30/06/15	Student		33
Mariam Ajibola	30/06/15	1 year		Student		100
Aniqa Begum	30/06/15	1 year		Student		0
Maureen Ledeatte	09/11/12	2 years	10/11/14	Parent		0
Julie Ammi	05/01/15	2 years	05/01/15	Parent		50
Eddie Playfair		Ex-officio		Principal	Search	100
Newham Partnership Working, a not for profit mutual organisation, acts as Clerk to the Corporation.						

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

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

The Corporation conducts its business both through Corporation meetings and two committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are search and audit. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at:

Newham Sixth Form College
Prince Regent Lane
Plaistow
London E13 8SG

The Clerk to the Corporation, Paul Baglee of Newham Partnership Working, maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

All governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, who is responsible to the Board for ensuring that all

Statement of Corporate Governance and Internal Control (continued)

applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

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

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

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

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search Committee, consisting of three members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

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

Audit committee

The Audit Committee comprises five members of the Corporation (excluding the Principal and Chair). The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets on a termly basis with an additional meeting to consider the internal audit plan and preparations for the statutory and regulatory audits. It provides a forum for reporting by the College's internal, regularity and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the EFA as they affect the College's business.

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

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

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

The Audit Committee has previously considered the implications of the revised Joint Audit Code of Practice, and has decided to retain an internal audit function. It further decided that the firm appointed as internal auditor must be different to the firm appointed as the financial statements auditor.

Internal control*Scope of responsibility*

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between Newham Sixth Form College and

Statement of Corporate Governance and Internal Control (continued)

the EFA. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Newham Sixth Form College for the year ended 31 July 2015 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2015 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

Newham Sixth Form College has an internal audit service, which operates in accordance with the requirements of the LSC's *Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the audit committee. At a minimum annually, the appointed internal auditors provide the governing body with a report on internal audit activity in the College. The report includes the auditor's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

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

- the work of the internal auditors
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements auditors, the regularity auditors (for colleges in plan-led funding), the EFA - appointed funding auditors (for colleges outside plan-led funding) in their management letters and other reports.

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

Statement of Corporate Governance and Internal Control (continued)

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

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

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

We confirm, on behalf of the Corporation, that to the best of its knowledge, the Corporation believes it is able to identify any material irregular or improper use of funds by the College, or material non-compliance with the Education Funding Agency's terms and conditions of funding under the College's funding agreement. We further confirm that any instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the Education Funding Agency.

Going Concern

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

Approved by order of the members of the Corporation on 1 December 2015 and signed on its behalf by:

Gail May
Chair



Eddie Playfair
Principal

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

The Corporation has considered its responsibility to notify the Education Funding Agency of material irregularity, impropriety and non-compliance with Education Funding Agency terms and conditions of funding, under the financial memorandum 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 financial memorandum.

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

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

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the Financial Memorandum agreed between the EFA and the Corporation of the College, the Corporation, through its Principal, is required to prepare financial statements for each financial year in accordance with the 2007 *Statement of Recommended Practice – Accounting for Further and Higher Education Institutions* and with the Accounts Direction issued by the EFA, and which give a true and fair view of the state of affairs of the College and the result for that year.

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

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

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

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

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

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

Approved by order of the members of the Corporation on 1 December 2015 and signed on its behalf by:



Gail May
Chair of the Corporation

Independent Auditor's Report to the Corporation of Newham Sixth Form College

We have audited the financial statements of Newham Sixth Form College for the year ended 31 July 2015 set out on pages 22 to 46. The financial reporting framework that has been applied in their preparation is applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

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

Respective Responsibilities of the Corporation of Newham Sixth Form College and Auditor

As explained more fully in the Statement of the Corporation's responsibilities set out on page 18, the Corporation is responsible for the preparation of financial statements which give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

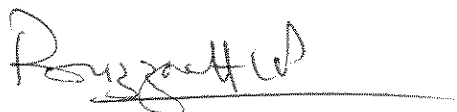
In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Groups' and of the College's affairs as at 31 July 2015 and of the surplus of expenditure over income for the year then ended;
- have been properly prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions

Matters on which we are required to report by exception

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

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



Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 16 December 2015

Independent Auditor's Report on Regularity to the Corporation of Newham Sixth Form College ('the Corporation') and the Secretary of State for Education acting through Education Funding Agency

In accordance with the terms of our engagement letter dated 29 May 2014 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 Newham Sixth Form College ('the College') during the period 1 August 2014 to 31 July 2015 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

This report is made solely to the Corporation and the Education Funding Agency. Our review work has been undertaken so that we might state to the Corporation and the Education Funding Agency, those matters we are required to state to it in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation and the Education Funding Agency, for our review work, for this report, or for the opinion we have formed.

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 Individual Learner Records (ILR) returns, for which Education Funding Agency has other assurance arrangements in place.

This report is made solely to the corporation of Newham Sixth 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 corporation of Newham Sixth Form College and Education Funding Agency those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the corporation of Newham Sixth Form College and Education Funding Agency for our work, for this report, or for the conclusions we have formed.

Respective responsibilities of the Newham Sixth Form College and the reporting accountants

The corporation of Newham Sixth Form College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations, 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 review 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 2014 to 31 July 2015 have not been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw conclusion includes:

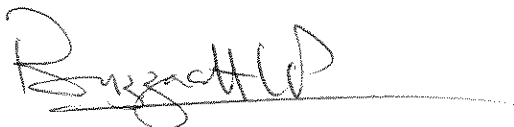
- An assessment of the risk of material irregularity and impropriety across all of the College's activities;

Independent Auditor's Report on Regularity to the Corporation of Newham Sixth Form College ('the Corporation') and the Secretary of State for Education acting through Education Funding Agency

- 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 2014 to 31 July 2015 has not been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.



Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 16 December 2015

Newham Sixth Form College
Income and Expenditure Account

Financial Statements for Year Ended 31 July 2015

	Notes	2015 £'000	2014 £'000
INCOME			
Funding body grants	2	16,734	16,362
Tuition fees and education contracts	3	141	40
Other income	4	313	150
Investment income	5	82	57
Total income		17,270	16,609
EXPENDITURE			
Staff costs	6	12,180	11,408
Other operating expenses	8	3,013	3,224
Depreciation	10	2,001	1,245
Interest and other finance costs	9	-	35
Total expenditure		17,194	15,912
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before exceptional items		76	697
Loss on disposal of assets	10	(281)	(119)
(Deficit)/surplus for the year retained within general reserves		(205)	578

The income and expenditure account is in respect of continuing activities

Note of Historical Cost Surpluses and Deficits

	Notes	2015 £'000	2014 £'000
(Deficit)/surplus on continuing operations		(205)	578
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	16	178	184
Transfer from revaluation reserve to general reserve in respect of disposals	16	281	-
		<u>254</u>	<u>762</u>
Historical cost surplus for the year		<u>254</u>	<u>762</u>

Statement of Total Recognised Gains and Losses

	Notes	2015 £'000	2014 £'000
(Deficit)/surplus on continuing operations after depreciation of assets at valuation and tax		(205)	578
Actuarial loss in respect of pension scheme	24	(809)	(602)
		<u>(1,014)</u>	<u>(24)</u>
Total recognised losses since last report		<u>(1,014)</u>	<u>(24)</u>
Reconciliation			
Opening reserves and endowments		16,011	16,035
Total recognised losses for the year		(1,014)	(24)
		<u>14,997</u>	<u>16,011</u>
Closing reserves and endowments		<u>14,997</u>	<u>16,011</u>

Newham Sixth Form College
Balance sheets as at 31 July

Financial Statements for Year Ended 31 July 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	10	17,908	17,066
Total fixed assets		17,908	17,066
Current assets			
Debtors	12	416	252
Investments	11	4,044	6,064
Cash at bank and in hand		2,257	845
Total current assets		6,717	7,161
Less: Creditors – amounts falling due within one year	13	(1,731)	(1,430)
Net current assets		4,986	5,731
Total assets less current liabilities		22,894	22,797
Less: Provisions for liabilities	14	(272)	(388)
Net assets excluding pension liability		22,622	22,409
Net pension liability	23	(3,317)	(2,260)
NET ASSETS INCLUDING PENSION LIABILITY		19,305	20,149
Deferred capital grants	15	4,308	4,138
Reserves			
Income and expenditure account excluding pension reserve	17	12,115	11,613
Pension reserve	23	(3,317)	(2,260)
Income and expenditure account including pension reserve	17	8,798	9,353
Revaluation reserve	16	6,199	6,658
Total reserves		14,997	16,011
TOTAL FUNDS		19,305	20,149

The financial statements on pages 22 to 46 were approved by the Corporation on 1 December 2015 and were signed on its behalf on that date by:

Gail May
Chair




Eddie Playfair
Accounting Officer

Newham Sixth Form College
Consolidated Cash Flow Statement

Financial Statements for Year Ended 31 July 2015

	Notes	2015 £'000	2014 £'000
Cash inflow from operating activities	18	1,381	2,053
Returns on investments and servicing of finance	19	66	57
Capital expenditure and financial investment	20	(2,055)	(1,429)
Management of liquid resources	21	2,020	(806)
		<hr/>	<hr/>
Decrease in cash in the year		<u>1,412</u>	<u>(125)</u>
Reconciliation of net cash flow to movement in net funds			
Decrease in cash in the period		1,412	(125)
Cash inflow from liquid resources	21	<u>(2,020)</u>	<u>806</u>
Movement in net funds in the period		(608)	681
Net funds at 1 August		6,909	6,228
		<hr/>	<hr/>
Net funds at 31 July		<u>6,301</u>	<u>6,909</u>

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 2007 (the SORP)*, the *Accounts Direction for 2014 to 2015 financial statements* and in accordance with applicable Accounting Standards.

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 cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

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

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 Skills Budget is adjusted for 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 following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Non-recurrent grants from the funding bodies or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

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

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

1 Accounting policies (continued)

Post retirement 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).

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 quinquennial valuations using a prospective benefit method. As stated in Note 32, the TPS is a multi employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Tangible fixed assets

Land and buildings

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

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

Finance costs, which are directly attributable to the construction of land and buildings, are capitalised as part of the cost of those assets.

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

On adoption of FRS 15, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

Newham Sixth Form College
Notes to the Accounts (continued)

Financial Statements for Year Ended 31 July 2015

1 Accounting policies (continued)

Assets under construction

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

Subsequent expenditure on existing fixed assets

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

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

Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the local education authority is included in the balance sheet at valuation.

Inherited equipment has been depreciated on a straight-line basis over its remaining useful economic life to the College of between one and three years from incorporation and is now fully depreciated. All other equipment is depreciated over its useful economic life as follows:

- building improvements – 10 years on a straight-line basis
- computer equipment – 3 years on a straight-line basis
- furniture, fixtures and fittings – 5 years on a straight-line basis.

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

Leased assets

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

Investments

Investments include Cash on Deposit. Investments are stated at cost.

Foreign currency translation

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

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

Newham Sixth Form College
Notes to the Accounts (continued)

Financial Statements for Year Ended 31 July 2015

1 Accounting policies (continued)

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

Liquid resources

Liquid resources include sums on short-term deposits with recognised banks, building societies and government securities.

Provisions

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

Agency arrangements

The College acts as an agent in the collection and payment of discretionary support funds and Free School Meals funding. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 31 except for the 5 per cent of the EFA discretionary support fund received which is available to the College to cover administration costs relating to the grant. The College employs one member of staff dedicated to the administration of Learner Support Fund applications and payments.

2 Funding council grants

	2015 £'000	2014 £'000
EFA recurrent grant	15,739	15,780
SFA recurrent grant	65	114
High Needs Student Funding from Local Authority	257	248
Releases of deferred capital grants (note 15)	673	220
	<hr/>	<hr/>
Total	16,734	16,362
	<hr/>	<hr/>

3 Tuition fees and education contracts

	2015 £'000	2014 £'000
Education contracts	141	40
	<hr/>	<hr/>
Total	141	40
	<hr/>	<hr/>

4 Other income

	2015 £'000	2014 £'000
Letting of College facilities	33	36
Releases from deferred capital grants - non EFA/SFA (note 15)	226	49
Other income	54	65
	<hr/>	<hr/>
Total	313	150
	<hr/>	<hr/>

Newham Sixth Form College
Notes to the Accounts (continued)

Financial Statements for Year Ended 31 July 2015

5 Investment income

	2015 £'000	2014 £'000
Other interest receivable	66	57
Pension finance income (note 23)	16	-
	<hr/>	<hr/>
	82	57
Total	<hr/> <hr/>	<hr/> <hr/>

Newham Sixth Form College
Notes to the Accounts (continued)

Financial Statements for Year Ended 31 July 2015

6 Staff costs

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

	2015 No.	2014 No.
Teaching staff	143	138
Non teaching staff	111	116
	254	254
Staff costs for the above persons		
	2015 £'000	2014 £'000
Wages and salaries	9,460	9,160
Social security costs	769	711
Other pension costs (including FRS 17 adjustments of £264,000 – 2014 £192,000)	1,291	1,127
	11,520	10,998
Payroll sub total		
Contracted out staffing services	660	410
	12,180	11,408

The number of senior post-holders and other staff who received emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

	Senior post-holders		Other staff	
	2015 No.	2014 No.	2015 No.	2014 No.
£60,001 to £70,000	1	-	3	3
£70,001 to £80,000	-	1	-	-
£110,001 to £120,000	1	1	-	-
	2	2	3	3

Newham Sixth Form College
Notes to the Accounts (continued)

Financial Statements for Year Ended 31 July 2015

7 Senior post-holders' emoluments

Senior post-holders are defined as the Accounting Officer (the Principal) and holders of the other senior posts whom the Governing Body has selected for the purposes of the articles of government of the College relating to the appointment and promotion of staff who are appointed by the Governing Body.

	2015 No.	2014 No.
The number of senior post-holders including the Accounting Officer (the Principal) was:	2	2

Senior post-holders' emoluments are made up as follows:

	2015 £'000	2014 £'000
Salaries	204	186
Pension contributions	29	26
Total emoluments	233	212

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid senior post-holder) of:

	2015 £'000	2014 £'000
Salaries	117	113
Pension contributions	16	16

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 are paid at the same rate as for other employees.

Newham Sixth Form College
Notes to the Accounts (continued)

Financial Statements for Year Ended 31 July 2015

8 Other operating expenses

	2015	2014
	£'000	£'000
Teaching costs	455	473
Non teaching costs	1,567	1,793
Premises costs	991	958
	<hr/>	<hr/>
Total	3,013	3,224
	<hr/>	<hr/>

Other operating expenses include:

	2015	2014
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	20	20
Internal audit	16	13
Other services provided by the financial statements auditors	8	5
Hire of other assets – operating leases	244	213
	<hr/>	<hr/>

9 Interest payable

	2015	2014
	£'000	£'000
Pension finance costs (note 23)	-	35
	<hr/>	<hr/>
Total	-	35
	<hr/>	<hr/>

Newham Sixth Form College
Notes to the Accounts (continued)

Financial Statements for Year Ended 31 July 2015

10 Tangible fixed assets

	Land and buildings Freehold	Assets under Construction	Equipment	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2014	24,613	448	8,016	33,077
Under construction completed	310	(310)		-
Additions	1,403	955	766	3,124
Disposals	(1,729)	-	(6,143)	(7,872)
At 31 July 2015	24,597	1,093	2,639	28,329
Depreciation				
At 1 August 2014	9,052	-	6,959	16,011
Charge for the year	1,015	-	986	2,001
Depreciation allocation transfer	103		(103)	-
Elimination in respect of disposals	(1,448)	-	(6,143)	(7,591)
At 31 July 2015	8,722	-	1,699	10,421
Net book value at 31 July 2015	15,875	1,093	940	17,908
Net book value at 31 July 2014	15,561	448	1,057	17,066

The transitional rules set in FRS15 Tangible Fixed Assets have been applied on implementing FRS15. Accordingly the book values at incorporation have been retained.

The College's policy is to carry all assets at historic cost, except for inherited assets which are included on the balance sheet at valuations existing at 31 July 1999 when the college implemented FRS15 for the first time. The assets were valued on incorporation and have not been updated since.

If inherited land and buildings had not been valued, they would have been included at zero cost and zero net value based on cost.

The College has plans in place for the redevelopment of the Prince Regent Land Campus. Preparatory ground works on Phase One of this redevelopment commenced during the financial year with demolition/construction of phase commencing in July 2015. The building is scheduled to become operational in the 2017-17 academic year.

Tangible fixed assets with a net book value of £281k were disposed of during the year for nil proceeds creating a loss on disposal charged to the income and expenditure account. This loss related entirely to the disposal of inherited buildings which have been demolished as part of Phase One of the Campus redevelopment plan. As such had the historic cost been used rather than inherited value no loss would have been booked as a result of the demolitions.

Newham Sixth Form College
Notes to the Accounts (continued)

Financial Statements for Year Ended 31 July 2015

11 Investments

	2015 £'000	2014 £'000
Cash on deposit	4,044	6,064
	<u>4,044</u>	<u>6,064</u>
Total	<u>4,044</u>	<u>6,064</u>

12 Debtors

	2015 £'000	2014 £'000
Amounts falling due within one year:		
Trade debtors	75	62
Prepayments and accrued income	165	173
Other Debtors	176	17
	<u>416</u>	<u>252</u>
Total	<u>416</u>	<u>252</u>

13 Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Trade creditors	547	379
Other taxation and social security	391	355
Accruals and deferred income	615	443
Other Creditors	178	253
	<u>1,731</u>	<u>1,430</u>
Total	<u>1,731</u>	<u>1,430</u>

14 Provisions for liabilities and charges

	2015 £'000	2014 £'000
Stratford Circus	142	150
Other provisions	130	238
	<u>272</u>	<u>388</u>
Total	<u>272</u>	<u>388</u>

The provision of £141,000 (2014 - £150,000) relates to future costs in connection with the discontinued activities at Stratford Circus.

Newham Sixth Form College
Notes to the Accounts (continued)

Financial Statements for Year Ended 31 July 2015

15 Deferred capital grants

	Funding body grants	Other grants	Total
	£'000	£'000	£'000
At 1 August 2014	3,812	326	4,138
Cash received	1,069	-	1,069
Released to income and expenditure account	(673)	(226)	(899)
At 31 July 2015	<u>4,208</u>	<u>100</u>	<u>4,308</u>

Newham Sixth Form College
Notes to the Accounts (continued)

Financial Statements for Year Ended 31 July 2015

16 Revaluation reserve

	2015 £'000	2014 £'000
At 1 August	6,658	6,842
Transfer from revaluation reserve to general reserve in respect of:		
Disposals	(281)	-
Depreciation on revalued assets	(178)	(184)
At 31 July	<u>6,199</u>	<u>6,658</u>

17 Movement on general reserves

	2015 £'000	2014 £'000
Income and expenditure account reserve		
At 1 August	9,353	9,193
(Deficit)/surplus retained for the year	(205)	578
Transfer from revaluation reserve	459	184
Actuarial loss in respect of pension scheme	(809)	(602)
At 31 July	<u>8,798</u>	<u>9,353</u>
Balance represented by:		
Pension reserve	(3,317)	(2,260)
Income and expenditure account reserve excluding pension reserve	12,115	11,613
At 31 July	<u>8,798</u>	<u>9,353</u>

Newham Sixth Form College
Notes to the Accounts (continued)

Financial Statements for Year Ended 31 July 2015

18 Reconciliation of consolidated operating (deficit)/surplus to net cash inflow from operating activities

	2015 £'000	2014 £'000
(Deficit)/surplus on continuing operations after depreciation of assets at valuation	(205)	578
Depreciation (notes 1 and 10)	2,001	1,245
Deferred capital grants released to income (note 15)	(899)	(269)
Lost on disposal of tangible fixed assets	281	119
Interest receivable (note 5)	(66)	(57)
FRS 17 pension cost less contributions payable (notes 6 and 23)	264	192
FRS 17 pension finance (income)/cost (note 5 and 9)	(16)	35
Increase in debtors	(164)	(50)
Increase in creditors	301	141
(Decrease)/increase in provisions	(116)	119
Net cash inflow from operating activities	1,381	2,053

19 Returns on investments and servicing of finance

	2015 £'000	2014 £'000
Other interest received	66	57
Net cash inflow from returns on investment and servicing of finance	66	57

20 Capital expenditure and financial investment

	2015 £'000	2014 £'000
Purchase of tangible fixed assets	(3,124)	(2,576)
Deferred capital grants received	1,069	1,147
Net cash outflow from capital expenditure and financial investment	(2,055)	(1,429)

Newham Sixth Form College
Notes to the Accounts (continued)

Financial Statements for Year Ended 31 July 2015

21 Management of liquid resources

	2015 £'000	2014 £'000
Placing of deposits	-	(806)
Withdrawals from deposits	2,020	-
Net cash inflow from management of liquid resources	<u>2,020</u>	<u>(806)</u>

22 Analysis of changes in net funds

	At 1 August 2014 £'000	Cash flows £'000	Other changes £'000	At 31 July 2015 £'000
Cash in hand, and at bank	845	1,412	-	2,257
Current asset investments (note 11)	6,064	(2,020)	-	4,044
Total	<u>6,909</u>	<u>(608)</u>	<u>-</u>	<u>6,301</u>

23 Pension and similar obligations

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

Total pension cost for the year	2015 £'000	2014 £'000
Teachers Pension Scheme: contributions paid	732	684
Local Government Pension Scheme:		
Contributions paid	295	251
FRS 17 charge	<u>264</u>	<u>192</u>
Charge to the Income and Expenditure Account (staff costs)	559	443
Total Pension Cost for Year	<u>1,291</u>	<u>1,127</u>

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

Contributions amounting to £148k (2014 :£142k) were payable to the schemes and are included in creditors.

Teachers' Pension Scheme

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

The Teachers' Pension Budgeting and Valuation

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

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

23 Pension and similar obligations (continued)

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 16.4% 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.

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>

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

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 will commence on 1 April 2015.

The pension costs paid to TPS in the year amounted to £732k (2014: £684k).

23 Pension and similar obligations (continued)

FRS 17

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the College has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by London Borough of Newham Local Authority . The total contribution made for the year ended 31 July 2015 was £460k, of which employer's contributions totalled £295k and employees' contributions totalled £165k. The agreed contribution rates for future years are 12.1 per cent for employers and range from 5.5% to 12.5% cent for employees.

FRS 17

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2015 by a qualified independent actuary.

	At 31 July 2015	At 31 July 2014
Rate of increase in salaries	4.60%	4.60%
Rate of increase for pensions in payment / inflation	2.80%	2.80%
Discount rate for scheme liabilities	3.90%	4.30%
Inflation assumption (CPI)	2.80%	2.80%
Commutation of pensions to lump sums	50%	50%

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

	At 31 July 2015	At 31 July 2014
<i>Retiring today</i>		
Males	22.10	22.00
Females	24.40	24.30
<i>Retiring in 20 years</i>		
Males	24.20	24.10
Females	26.80	26.70

Newham Sixth Form College
Notes to the Accounts (continued)

Financial Statements for Year Ended 31 July 2015

24 Pension and similar obligations

Local Government Pension Scheme (Continued)

The college's estimated share of the assets and liabilities in the scheme and the expected rates of return were:

	Long-term rate of return expected at 31 July 2015	Value at 31 July 2015	Long-term rate of return expected at 31 July 2014	Value at 31 July 2014
		£'000		£'000
Equities	68.00%	5,534	64.00%	4,509
Bonds	10.00%	779	12.00%	839
Gilts	n/a	n/a	2.00%	176
Property	9.00%	749	10.00%	683
Cash	5.00%	385	4.00%	290
Other	8.00%	641	8.00%	591
Total market value of assets		8,088		7,088
Present value of scheme liabilities				
- Funded		(11,405)		(9,348)
Deficit in the scheme		(3,317)		(2,260)

Analysis of the amount charged to income and expenditure account

	2015 £'000	2014 £'000
Employer service cost (net of employee contributions)	559	443
Total operating charge	<u>559</u>	<u>443</u>

Analysis of pension finance income / (costs)

	2015 £'000	2014 £'000
Expected return on pension scheme assets	431	336
Interest on pension liabilities	(415)	(371)
Pension finance income / (costs)	<u>16</u>	<u>(35)</u>

Amount recognised in the statement of total recognised gains and losses (STRGL)

	2015 £'000	2014 £'000
Actuarial gains on pension scheme assets	208	392
Actuarial losses on scheme liabilities	(1,017)	(994)
Actuarial loss recognised in STRGL	<u>(809)</u>	<u>(602)</u>

Newham Sixth Form College
Notes to the Accounts (continued)

Financial Statements for Year Ended 31 July 2015

25 Pension and similar obligations

Local Government Pension Scheme (Continued)

Movement in surplus/(deficit) during year

	2015	2014
	£'000	£'000
Deficit in scheme at 1 August	(2,260)	(1,431)
Movement in year:		
Employer service cost (net of employee contributions)	(559)	(443)
Employer contributions	295	251
Net interest/return on assets	16	(35)
Actuarial gain or loss	(809)	(602)
Deficit in scheme at 31 July	<u>(3,317)</u>	<u>(2,260)</u>

Asset and Liability Reconciliation

	2015	2014
	£'000	£'000
Reconciliation of Liabilities		
Liabilities at start of period	9,348	7,461
Service cost	559	443
Interest cost	415	371
Employee contributions	165	139
Actuarial loss	1,017	994
Benefits paid	(99)	(60)
Liabilities at end of period	<u>11,405</u>	<u>9,348</u>

Reconciliation of Assets

	2015	2014
	£'000	£'000
Assets at start of period	7,088	6,030
Expected return on assets	431	336
Actuarial gain	208	392
Employer contributions	295	251
Employee contributions	165	139
Benefits paid	(99)	(60)
Assets at end of period	<u>8,088</u>	<u>7,088</u>

Newham Sixth Form College
Notes to the Accounts (continued)

Financial Statements for Year Ended 31 July 2015

26 Pension and similar obligations

Local Government Pension Scheme (Continued)

History of experience gains and losses

	2015	2014	2013	2012	2011
Difference between the expected and actual return on assets:					
Amount £'000*	208	392	610	(256)	669
Experience gains and losses on scheme liabilities:					
Amount £'000*	-	886	-	193	-
Total amount recognised in STRGL:					
Amount £'000*	(1,156)	(347)	255	(567)	560

27 Post-balance sheet events

There are no post balance sheet events.

28 Capital commitments

	2015 £'000	2014 £'000
Commitments contracted for at 31 July	<u>7,407</u>	<u>1,367</u>
Authorised but not contracted at 31 July	<u>500</u>	<u>8,200</u>

29 Financial commitments

At 31 July the College had annual commitments under non-cancellable operating leases as follows:

	2015 £'000	2014 £'000
Other		
Expiring within one year	4	213
Expiring within two and five years inclusive	52	-
	<u>56</u>	<u>213</u>

Newham Sixth Form College
Notes to the Accounts (continued)

Financial Statements for Year Ended 31 July 2015

30 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 £21; 1 governor (2014: £nil; nil governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2014: None).

Transactions with the funding bodies are detailed in notes 2 and 31.

31 Amounts disbursed as agent
Learner support funds

	2015 £'000	2014 £'000
Funding body grants – hardship support	627	625
	<u>627</u>	<u>625</u>
Disbursed to students	(598)	(596)
Administration costs	(29)	(29)
	<u>(627)</u>	<u>(625)</u>
Balance unspent as at 31 July, included in creditors	<u><u>-</u></u>	<u><u>-</u></u>

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.