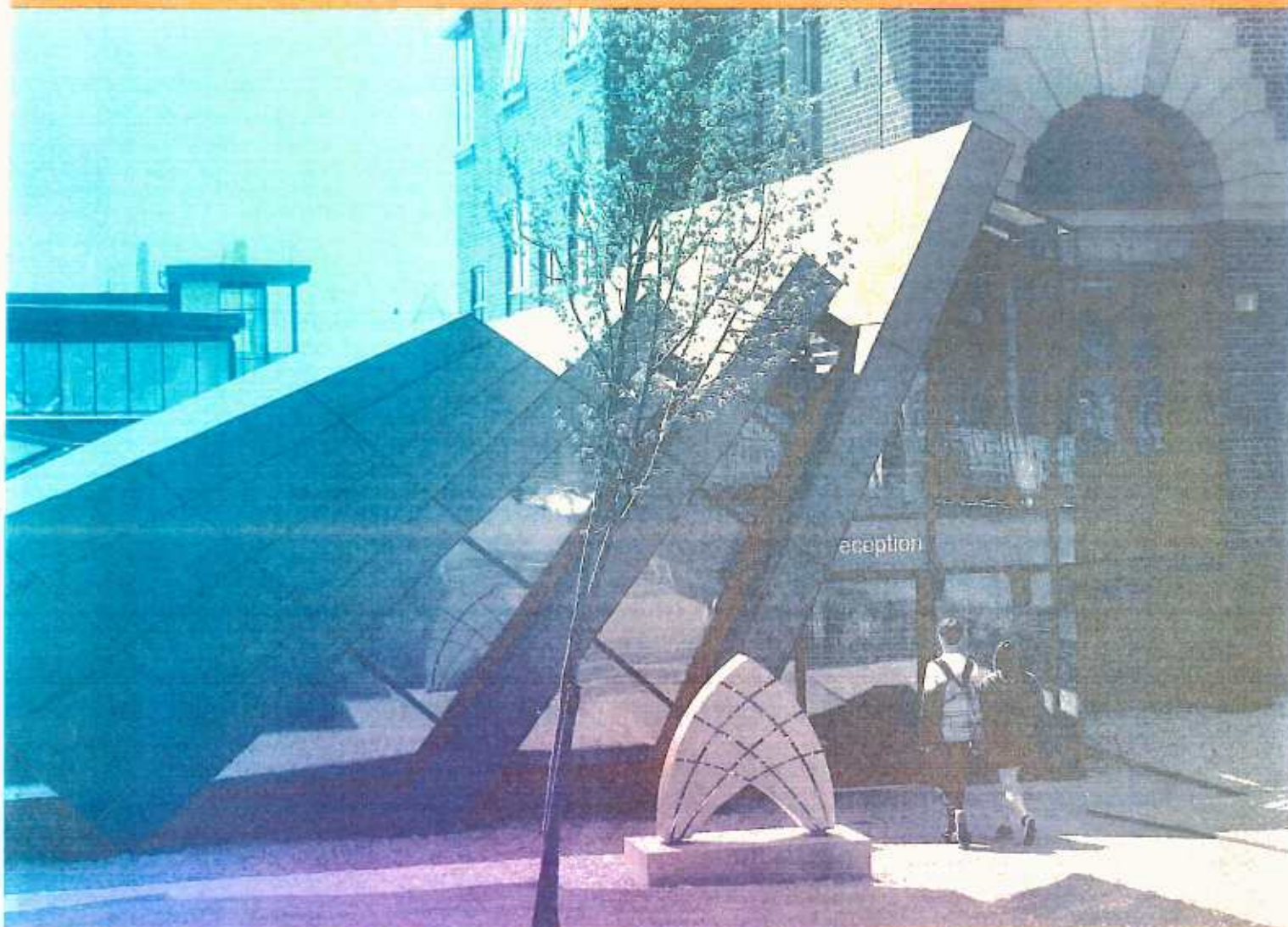




# Financial Statement

31st July 2018



## **Key Management Personnel, Board of Governors and Professional advisers**

### **Key management personnel**

Key management personnel are defined as senior members of the College Leadership Team and were represented by the following in 2017/18:

Mr Anton McGrath - Principal and Accounting Officer

Mrs Lisa Richards - Deputy Principal

Dr Peter Down - Vice Principal Finance & Resources (left 31 March 2018)

### **Board of Governors**

A full list of Governors is given on pages 16 and 17 of these financial statements.

Ms Shazia Nazir acted as Clerk to the Corporation throughout the period.

### **Professional Advisers**

Financial Statement auditors and reporting accountants:

Grant Thornton UK LLP

Chartered Accountants and Registered Auditor

4 Hardman Square

Spinningfields

Manchester

M3 3EB

Internal Auditors:

RSM

St. Thomas's Road

Chorley

Lancashire

PR7 1HP

Bankers:

Barclays Bank PLC

1 Central Street

The Rock

Bury

BL9 0JN

Solicitors:

Eversheds

Eversheds House

70 Great Bridgewater Street

Manchester

M1 5ES

## INDEX

INDEX.....	2
MEMBERS' REPORT .....	3
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL.....	15
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE.....	23
STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION .....	24
INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF ASHTON SIXTH FORM COLLEGE.....	25
STATEMENT OF COMPREHENSIVE INCOME .....	28
STATEMENT OF CHANGES IN RESERVES.....	29
BALANCE SHEET AS AT 31 JULY .....	30
STATEMENT OF CASH FLOWS .....	31
NOTES TO THE ACCOUNTS .....	32
REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY .....	58



## Members' report

The members present their report and the audited financial statements for the year ended 31 July 2018.

## Nature, objectives and strategies

### Legal status

The Corporation was established under The Further and Higher Education Act 1992 and amended by the Apprenticeship, Skills, Children and Learning Act 2009 for the purpose of conducting Ashton Sixth Form College. The Corporation is an exempt for the purposes of the Charities Act 2011.

### The College's Vision and Mission

The ethos of Ashton Sixth Form College is centred on the individual. Each student at the college deserves the very best. The aim of this strategic plan is to cultivate the conditions to ensure that each student is able to reach their potential and progress to the next stage of their lives prepared for the challenges ahead. The Strategic Plan 2018-21 sets out the following Vision and Mission and Values:

#### The Vision

Transforming lives through learning.

#### The Mission

- To engender a love of learning through an excellent standard of teaching and learning for all.
- To lay the foundations for career success.
- To promote wellbeing and inspire students and staff to lead fulfilling lives.

## Implementation of Strategic Plan

The strategic aims, adopted by the College to achieve the mission and its attendant objectives are as follows:

### Strategic Aim 1

To achieve excellence in all aspects of our work:

- 1.1 To foster a love of learning and a culture of ambition of all.
- 1.2 To encourage innovation and outstanding practice in teaching and learning.
- 1.3 To provide a range of opportunities to support all students in fulfilling their potential.
- 1.4 To ensure excellence and consistent outcomes for all.

### Strategic Aim 2

To deliver relevant and coherent 16-19 study programmes which meet the needs of students and the wider community:

- 2.1 To respond proactively to national changes in priorities, qualifications and outcomes.
- 2.2 To engage with key stakeholders in the local area to identify, understand and respond to their needs.
- 2.3 To enrol with integrity enabling all students to achieve and progress.

### Strategic Aim 3

To deliver a relevant adult and Higher Education curriculum which meets the needs of students and the community:

- 3.1 To best use the adult education budget to contribute to local needs and ambitions.
- 3.2 To respond proactively to national changes in priorities, qualifications and outcomes.

- 3.3 To expand higher and adult education opportunities in areas of college expertise.
- 3.4 To enrol with integrity enabling all students to achieve and progress.

#### **Strategic Aim 4**

To enhance the well-being of students and staff:

- 4.1 To listen to and respond to student and staff feedback.
- 4.2 To reduce bureaucracy and workload.
- 4.3 To maintain a positive culture and supportive relationships.
- 4.4 To foster an ambitious yet supportive culture within a diverse and inclusive community.
- 4.5 To collaborate with our partners to develop innovative approaches to dealing with mental ill health.

#### **Strategic Aim 5**

To secure a sustainable and successful future for the college:

- 5.1 To set up a Multi-Academy Trust and establish structures and lines of accountability.
- 5.2 To work collaboratively to improve standards and opportunities through partnership.
- 5.3 To increase market share to consolidate the college's position in the local area.
- 5.4 To develop a new accommodation and finance plan to diversify income streams in response to curriculum changes and student choices.
- 5.5 To recruit and retain talented staff.
- 5.6 To mitigate as far as possible disruption to normal operations by security or health and safety issues.

### **Public benefit**

Ashton Sixth Form College is an exempt charity under the Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Corporation, who are trustees of the charity, are disclosed in table 9.

In setting and reviewing the College's strategic objectives, the Corporation 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 organised as charities must demonstrate, explicitly, that their aims are for the public benefit.

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

- High-quality teaching
- A track record of widening participation and tackling social exclusion
- Large numbers of students progressing to Higher Education
- An excellent employment record for students
- Strong student support systems
- Links with universities, employers, industry and commerce.

### **Performance indicators**

The College is committed to observing the importance of sector measures and indicators such as achievement rates. The College is also required to complete the annual Finance Record for the Education and Skills Funding Agency ("ESFA"). The Finance Record produces a financial health grading. The current rating of "Good" is one down from the top grade possible of "outstanding". The financial objectives and outturns for 2018 and 2017 are shown in table 1. The College has met

three of the six objectives: borrowing as a percentage of income, current ratio and cash days in hand. These have been achieved partly through a conscious effort to minimise any non grant funded capital expenditure in the second half of the year, along with a continued drive to reduce maintenance costs, but also due to CIF grant funding received in advance of related expenditure. Of the targets not met, the most significant is the Operating Surplus target. This target is extremely challenging in the context of the re-growth in student numbers, combined with the lag funding methodology for the College's main 16-19 income stream. Similarly the pay cost target is now somewhat out of date and probably unachievable, due to the absence of any per capita funding increase for numerous years, but with significant pay cost pressures over the same period. Despite these economic pressures the College has maintained quality delivering another of its best years with all categories being on or above national benchmark, see table 7.

Financial objectives	31 <sup>st</sup> July 2018	31 <sup>st</sup> July 2017
Operating Surplus (before pension adjustments) as % of income (target >2%)	-2.6%	-0.2%
A current ratio above (target >1.2:1)	1.47:1	0.9:1
Borrowing as a % of Income (target <20%)	10%	11%
Pay costs (before pension adjustments and staff restructuring costs) as a percentage of income (target <68%)	72%	70%
Cash days in hand (target >25)	37	13
Percentage of Non ESFA 16-19 income (target >10%)	9%	9%

Table 1 Financial objectives & outturn (before pension adjustments and staff restructuring costs)

As was explained in last year's report, the College is now 'de-pooled' from the GMPF

Sixth Form College pool and FRS 102 Section 28 defined benefit pension adjustments now apply. The financial statements presented here show a deficit of £697,000, but the underlying position before these pension adjustments is a deficit of £237,000. The financial objective outcomes outlined in table 1 are before pension adjustments as this represents a clearer picture of the operating performance of the College.

Due to the dip in 16-19 student numbers in the prior year, in the year to 31 July 2018 the College was funded for only 1,925 students against actual numbers of 2,009. This regrowth in student numbers, which has continued into 2018/19, vindicates last year's decision not to reduce staffing. However it has created the financial pressure that led to the deficit reported above.

## Financial Position

### Financial results

The College generated a deficit for the year in 2017/18 of £697,000 (2016/17: £368,000). Excluding FRS 102 Section 28 defined benefit pension adjustments the operating position was a deficit of £237,000 in 2017/18 (£20,000 deficit in 2016/17).

The College has at 31 July 2018 accumulated reserves of £8,947,000 and cash balances of £933,000. The cash balance was supported by funds received in advance of expenditure from ESFA in respect of the CIF grant funded Art & Design building project (£213,000). The related expenditure was incurred shortly after the year end. The College plans to continue to accumulate reserves and cash balances in order to fund on-going building and IT developments.

Tangible fixed asset additions during the year amounted to £187,000, with the majority being in respect of the early stages of the Art & Design building project. The only other individually significant item was £39,000 on a new telephone system.

The College has significant reliance on recurrent grant funding. In 2017/18 recurrent 16-19 grant funding from the ESFA provided 91% (91% in 2016/17) of the College's total income. This is likely to continue, particularly with the risk to the Adult Education budget as a result of the devolution of this funding.

### **Treasury policies and objectives**

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

The College has separate cash treasury management procedures in place.

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 Funding agreement.

### **Cash flows**

At £582,000 (2016/17 £569,000), cash inflow from operating activities was a marginal improvement on last year, but not as strong as prior years. During the year the College repaid £132,000 on the Barclays Bank PLC and Salix loans combined. This resulted in total bank debt of £947,000 (2016/17: £1,079,000). The College has previously agreed borrowing limits with the Young Peoples Learning agency (YPLA), the predecessor to the EFA (now the ESFA), of £2.1 million and there is a covenant on the Barclays Bank PLC loan not to exceed this amount. The College's primary aim is to maintain liquidity ratios at the required level to secure "outstanding" on the ESFA financial health score measure (during periods of capital investments a grade of "good" is the minimum target). Capital expenditure in the year amounted to £187,000, but capital grants received totalled £400,000. Overall cash balances increased by £586,000.

### **Liquidity**

The College has two loans in place, one a fixed interest loan with Barclays Bank PLC and the second an interest free loan with Salix.

The level of borrowing undertaken enabled the College to maintain good financial health, including a good liquidity position, throughout the year. The level of borrowing decided upon was determined by the necessity to maintain cash days above 25, a current ratio of 1.2:1 and the overriding maximum debt limit of £2.1 million. Table 1 shows that these targets were achieved.

### **Reserves Policy**

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation, and ensures that there are adequate reserves to support the College's core activity. As at the balance sheet date the Income and Expenditure reserve stands at £8,947,000 (2017: £8,726,000). It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

### **Current and future developments and performance**

#### **Student numbers and funding**

The ESFA student numbers and the financial targets and outturns are shown in table 2. As noted last year, the under recruitment in 2016/17 has impacted on the results this year due to the lag funding system. The 16-18 funding allocation for this year was based on prior year student numbers of 1,925 as opposed to 2017/18 student numbers of 2,009. Continued growth of student numbers into 2018/19 will cause a similar issue that year. For the adult education categories the College under-delivered against the core allocation in 2017/18. However the over-delivery in 2016/17 was paid to the College during



2017/18. Not all of the Advanced Learning Loans availability were utilised as some learners opted to self-fund or opted to take a lower level fully funded qualification.

Category	Allocation 2017/18	Actual 2017/18
16-18 EFA Students	1,925	2,009
16-18 EFA funding	8,228,000	8,560,000
Adult Education Budget	157,000	144,000
Advanced Learning Loans (adult)	85,000	70,000

Table 2 Student numbers and funding outturn 2017/18

In addition to the ESFA funded students in table 2 the College has other areas of activity, see table 3. As at the end of the year, the College had only one overseas student, and there are no plans for any further recruitment in this area.

Type of Provision	2017/18	2016/17
Full cost recovery income	£5,000	£12,000
International income	£13,000	£20,000
HE Loan income	£450,000	£379,000

Table 3 Non EFA/SFA enrolments

Competition remains a major risk for the College with a new sixth form centre opening in the centre of Ashton under Lyne in September 2015 offering 600 post 16 places and a new school sixth form planned to open in September 2020 (Laurus Ryecroft). There is considerable uncertainty over future student numbers with student recruitment (16-18 students) falling in 2016/17, but increasing again in 2017/18 and 2018/19. Plans to increase other sources of income, particularly in HE, are also extremely difficult to achieve in practice.

Course	2017/18	2016/17
A level	97.9%	98%
AS	n/a	92%
Level 3 Voc.	92.3%	91.9%
Level 2 Voc.	87.3%	81.4%

Table 4 Achievement rates

The College was last inspected by Ofsted in 2016 and received a grade of "good". Table 4 shows the achievement rate outturn for the last two years. Achievement rates are a factor of student retention and pass rates combined. The college was validated as 'outstanding' for student outcomes in 2017, and has just been awarded the same judgement in October 2018, reflecting the fact that the outstanding outcomes achieved in 2017 are being maintained.

Course	2017/18 actual	2016/17 actual
A level	99.4%	99.5%
AS	n/a	92%
Level 3 Voc.	98.7%	98.7%
Level 2 Voc.	97.6%	96.5%

Table 5 Student pass rates

For student pass rates (table 5), all categories show that strong provision is being maintained.



Course	2017/18	2016/17
A level	98.5%	98.5%
AS	NA	93.1%
Level 3 Voc.	93.5%	93.1%
Level 2 Voc.	89.4	84.2%

Table 6 Student retention

Table 7 shows the College's achievement rates against Sixth Form College average. The table shows that the College is above benchmark in all categories.

Course	2017/18 Actual	2017/18 Bench Mark
A level	97.9%	95.8%
AS	NA	89%
Level 3 Voc.	92.3%	89.2%
Level 2 Voc.	87.3%	81.4%

Table 7 Achievement rates against benchmark

In the rigorous value added system used by sixth form colleges (Advanced Level Performance System (ALPS)) the College's overall score in 2017/18 was "outstanding" for A levels, for the second year running and "outstanding" for Vocational for the fourth year running. The College is placed in the top 10% for A levels and the top 10% for vocational provision on this basis. Reviewing the overall performance of the College the College's overall self-assessed grade for value for money is considered to be "good".

### Future prospects

The College is the leading provider of post 16 education in the metropolitan borough of Tameside as recognised by the overall Ofsted grade of good. The College continues to invest in buildings and equipment. Despite the fall in student numbers in 2016/17 Corporation considers there are risk management systems in place that will ensure the College will be able to continue in operation and meet its liabilities until the end of the current forecast period, i.e. 31<sup>st</sup> July 2021.

### Resources

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

The College now comprises a mix of new and original 1920's buildings and after considerable investment in recent years the College has largely excellent facilities.

The main remaining projects being considered were set out in Phase 8 of the building improvement programme, and consisted of:

- Art & Design Centre new build
- HE & Skills Centre refurbishment
- IT Building ground floor conversion
- Main building refurbishment final phase
- Science & Technology ground floor conversion
- Sports Hall new build/refurbishment

The majority of the above schemes, with the major exception of the Sports Hall, were the subject of a successful bid for CIF (Condition Improvement Fund) grant support. The overall scheme budget is £2.08m, of which £1.77m is from CIF grant, with the balance of £0.31m from College reserves. The contractor for the main Art & Design Centre new build took possession of the site on 9 July 2018, and subsequent progress has been good, with completion scheduled for March 2019. The S&T and IT building partial conversions (to create a new laboratory and two new computer rooms respectively) were completed over the summer, in time for the start of the new academic year.

The other major remaining Phase 8 project is in respect of the Sports Hall. Designs have been prepared for a significant redevelopment, incorporating a gym on a mezzanine level. The estimated cost is of the order of £1.1m, although this may now be a little out of date. The latest cash flow projections suggest that a project of this size could not be undertaken until 2021 at the earliest, so it either needs to be deferred, or significantly reduced in scope.

Some necessary works to the main hall heating and lighting have been carried out in this year, but the changing rooms and classrooms have had no attention for a long time and are in poor condition. These areas will need some attention prior to 2021.

## People

The College employs 156 staff (expressed as full time equivalents), of whom 87 are teaching staff. This represents a slight decrease in overall staffing numbers from 2016/17 (158 in 2016/17).

Staff development has become a crucial area for intervention to improve performance through the development of focused improvement strategies for teaching and learning and through the promotion of best practice. Action plans for under-performing courses include peer observation, benchmarking and external visits to and from colleges. These external visits cited the College as having good or outstanding practice in the majority of subjects.

The College deploys a performance management review (PMR) system incorporating a mid-year review so that performance issues can be tackled in a timely fashion. The probationary review system also allows underperforming staff to be managed expediently. Support systems have been added such as a mentoring system for all new staff, along with a comprehensive induction programme.

## Reputation

Maintaining a quality brand is essential for the College. In June 2012 the College achieved the BTEC Outstanding College of the year award providing further evidence of the College's good reputation locally and nationally. The college received an AoC Award for partnership work in 2016/17 and has been nominated by the Times Educational Supplement as a candidate for the Sixth Form College of the Year Award in November 2018. Additionally, the College has been chosen as a partner to

Pembroke College, Oxford as part of their raising aspirations programme, "Pembroke North". The North West Theology and Religious Studies Centre a space at the College designated for the use of this programme was opened in November 2013.

The College's policy remains to offer a breadth of provision from intermediate provision (GCSE equivalent) right through to level 7 (PGCE). The College also offers Entry level and Level 1 and 2 programmes for adults. The College's overarching aim is to boost widening participation in Tameside.

The College participates in a range of schemes in order to raise aspirations and promote social mobility, including Manchester and Leeds Access programmes. The Guidance Department brings together all areas of information, advice and guidance to ensure outstanding support for all students and promotes positive progression. The College also supports a strong gifted and talented programme of advice, guidance and extension activities.

In May 2016 the College obtained an overall grade of "Good" from a full (4 day) inspection.

## 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.

Key risks are cross referenced to the strategic plan following a comprehensive review by the Risk Management Group (RMG). The RMG 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. There is a mid-year review by the RMG which considers 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 twice a year by the RMG and 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.

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 significant reliance on recurrent grant funding through the ESFA. In 2017/18, 91% of the College's revenue was ultimately recurrent grant funding from the ESFA and this level of dependency is expected to continue.

There is a potential risk to the College's Adult Education Budget as a result of the ongoing devolution of this funding to the Combined Mayoral Authorities, including Greater Manchester.

The College will continue to be proactive in responding to potential cuts in funding ensuring that the College maintains at least "good" for financial health.

### **2. Tuition fee policy**

The updated fee policy was approved in June 2018. Students aged 19 plus studying an adult skills programme at level 3 are required to pay their full fees or take out an Advanced Learner Loan. Some adults 19-23 studying at level 2 might be eligible for full fee remission in certain circumstances. For Maths and English, there is no charge as the programmes are fully funded at all ages for most people. For

other subjects, they must pay a fee or they may be eligible for fee remission depending on their circumstances.

Fees are set with acknowledgement of the funding rate and the remission rate as relevant. Courses that are not funded are referred to as full cost recovery and a commercial fee is set for such a programme.

### **3. Increased competition**

Competition for post 16 places remains fierce. A 16-19 Free School with 600 post sixteen spaces opened in September 2013 on the grounds of Manchester City Football Club, less than ten miles from the College. As mentioned previously a further sixth form centre with 600 places opened in September 2015 in the centre of Ashton under Lyne. In September 2020, Laurus Trust High School will open its school sixth form with planned numbers of 300 students.

However, a full review of marketing and liaison activities led to an upswing in student numbers in 2017/18, recovering to 2009 students. Demographic changes over the next ten years show a significant increase in the number of children in the education system which should protect student numbers for this period

### **4. Maintain funding of pension liabilities**

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

Currently the College considers the risk mitigated by adjustments, as required, to future pension contribution rates by the College and staff.

### **5. Failure to maintain the financial viability of the College.**

The College's current financial health grade is classified as good as described above. This is largely the consequence of the dip in student numbers in 2016/17 adversely impacting income in 2017/18.



The college is facing similar issues in 2018/19 due to continuing re-growth, but the situation should stabilise in 2019/20. Notwithstanding that, the continuing challenge to the College's financial position remains the constraints on further education funding arising from the ongoing cuts in public sector spending, whilst maintaining the student experience. This risk is mitigated in a number of ways:

- By rigorous budget setting procedures and sensitivity analysis
- Regular in year budget monitoring
- Robust financial controls
- Exploring ongoing procurement efficiencies.

### Area Review and Academisation

Ashton Sixth Form College was one of 21 Sixth Form and Further Education Colleges that was part of the Greater Manchester area review in 2015/16, which assessed the educational needs and college structure in the area. The aim of the review was to ensure that there was the right capacity to meet the needs of students and employers in the area and that institutions are financially stable and able to deliver high quality provision. The College fully engaged in the process and is committed to exploring all options which will support the College's mission.

The College Corporation voted to convert to 16-19 Academy status in 2016/17, a decision which was reinforced in 2017/18 following the outcomes from the Greater Manchester area review. The conversion date is current set as 1<sup>st</sup> February 2019.

The College secured funding of £50,000 to carry out a due diligence exercise to inform this process. The Corporation will meet prior to the 1<sup>st</sup> February 2019 to vote on the dissolution all assets for Ashton Sixth Form College which will be transferred to a new corporate entity, the Stamford Park Trust, but in practical terms the functions of Ashton Sixth College would continue as before.

### Related parties – A Plus Trust

The College was instrumental in creating a new company A Plus Trust. The Company was incorporated in England and Wales as a company limited by guarantee on 1st May 2013 under the Companies Act 2006. The Company has seven Members being: Alder Community High School, Ashton Sixth Form College, Rayner Stephens High School, Cromwell High School, Denton Community College, Hyde Community College, Longdendale High School, down from eight as Mossley Hollins High School left the A+ Trust at the end of 2016/17.

The company will be dissolved in 2019 to be replaced by a more informal organisation with the same overall aims and ambitions of A Plus Trust, which are to improve educational opportunities and outcomes for students in Tameside resulting in raised aspirations and social mobility. The College has secured agreement from the Members of A Plus Trust that all liabilities will be settled as per the Articles of Association. Note 22 details the financial impact on the financial statements and the potential financial risks on dissolution of the company, although the College does not consider there should be any provision against these balances given the assurances received from Members of the Trust.

### Stakeholder relationships

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

- students;
- funding councils;
- staff;
- local employers (with specific links);
- local authorities;
- government offices/ regional development agencies;
- the local community;
- other FE institutions;
- HE institutions;
- trade unions; and
- professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through: regular newsletters, the College Internet site and by meetings and visits scheduled on a regular basis. A recent development has been the introduction of a parent portal (parent advantage), which allows parents access to their child's records.

### Curriculum developments

The development of close links with high schools continued in 2017/18 through the A Plus Trust, a formal collaboration between the College and seven local high schools with the aim of raising achievement within the borough. School liaison activities include, bespoke programmes in place to further develop links such as Year 9 Experience Day for West Hill boys, Year 6 transition days for students at Mossley Hollins.. Many curriculum areas have forged strong links with High Schools and these include the art, DTM, performing arts, science, and maths departments.

The ESFA contract is always fully utilised to deliver adult programmes aimed at raising functional and vocational skill levels in the borough and demand always exceeds the allocation. The introduction of Advanced Learning Loans is impacting upon the previously high levels of level 3 take up amongst adult students. Maths and English remains in high demand.

Within Higher Education, there is a Foundation Year Art, Foundation Year Health, HND Media, Foundations degrees for both Education and Early Childhood along with BA (Hons) top up years for Education and Early Childhood and PGCE/Certificate in Education for teaching in the post compulsory sector. In September 2016 the college introduced PGCE for primary and for secondary teaching. Media, Health, Art and all three teacher training are full time programmes. Higher Education is an increasingly important area of activity for the College, however, the effects of part time Higher Education fee increases is a risk for the College.

Enterprise and Employability are aspects of the College's curriculum that have seen significant expansion in the past year. There is an ever growing range of activities for students to participate in including, small scale business start-ups. A wide range of guest speakers come into college to give talks and run workshops about an array of careers and the College organises an annual event 'imagine your future'. Now in its third year, 'IYF' is open to both College students as well as pupils from year eight upwards across the borough. The focus is careers as opposed to promoting the College and the full range of employment sectors attend. Work experience has increased significantly for both vocational and non-vocational students and this includes the introduction of Professional Packages for A level students.

The College maintains very good links with high schools accompanied by various marketing activities in the year, ranging from opening evenings to school year group presentations. A number of bespoke services are offered to schools and are organised on request, for example, Taster lessons in various curriculum areas.

### 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%. During the accounting period 1 August 2017 to 31 July 2018, the College paid 38% (89% 2016/17, 52 % 2015/16) of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period. The increase in late payment during the period was indicative of a worse liquidity position during the course of the year. Liquidity improved by the end of the year and

payment performance is now much improved.

### Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the College to publish information on facility time arrangements for trade union officials at the College. The information below relates to the period 1 April 2017 to 31 March 2018, and can also be found on the College website.

Employees who were relevant union officials during the period	Employees FTE
1	0.8

% of working hours spent on Facility Time	No of employees
0% of working hours	1
1-50% of working hours	0
51-99% of working hours	0
100% of working hours	0

Total Pay Bill and Facility Time Cost	
Total pay bill	£6,500,000
Total cost of facility time	£0
% of pay spent on facility time	0.0%

There were no paid trade union activities.

### Equality

The 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, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis. The College's Equality Policy is published on the College's Intranet site.

The College publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality

legislation including the Equality Act 2010. The College undertakes equality impact assessments on all new policies and procedures and publishes the results. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

The College holds Disability Confident Committed status as an employer, and has committed to the principles and objectives of the Disability Confident standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

The College has committed to the 'Mindful Employer' initiative to assist the mental health wellbeing of staff. The College has achieved accreditation to the Committed to Equality (C2E) standard at the gold (highest) level. The College has also implemented an updated Equality & Diversity training programme which all staff have attended. Refresher training and training for new starters is carried out on an ongoing basis.

### Disability Statement

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

- As part of its planned maintenance programme the College carries out an annual access audit.
- The College has appointed a Health, Safety and Welfare Manager, who provides information, advice and arranges support where necessary for students with disabilities.



- 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.
- 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.
- 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.
- Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
- 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 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 13 December 2018 and signed on its behalf by:



Mr S Foote (Chair)  
13 December 2018

## Statement of Corporate Governance and Internal Control

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

This statement covers the period from 1 August 2017 to 31 July 2018 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- I. in accordance with the seven principles identified by the Committee on Standards in Public Life (Nolan). These are: selflessness, integrity, objectivity, accountability, openness, honesty and leadership;
- II. in full accordance with the guidance to colleges from the Association of Colleges in the Code of Good Governance for English Colleges ("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/Board 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 2018. The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of the Foundation Code issued by the Association of Colleges in March 2015, which it formally adopted on 30th June 2016

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

## The Corporation

Average attendance by Governors at Corporation meetings was 80% (76% in 2016/17). Attendance at each committee meetings is shown in table 9.

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 9. Ms S Nazir acts as the independent Clerk to the Corporation.

Meeting	Attendance 2017/18	Attendance 2016/17
Finance & Resources	62%	76%
Quality & Planning	83%	62%
Audit	71%	100%
Governance & Search	93%	86%
Remuneration	83%	92%
Academisation	78%	79%

Table 8 Governors' attendance at Committees

Name	Date of appointment	Term of office	End of Term	Date of Resignation Retirement	Status of appointment	Committees served	% Attendance
Mr Colin Challenger	Dec 2014 May 2016	4 years 4 years	Dec 2019 May 2020		(i) Parent (ii)Governor	Fin & Resources; Governance & Search (Chair); Academisation; Remuneration;	67%
Mr Barrie Cheshire	Sept 2005 Oct 2009 Sept 2013 Sept 2017 Jan 2018 June 2018	4 years 4 years 4 years 4 mths 7 mths 6 mths	Sept 2009 Sept 2013 Sept 2017 Dec 2017 Aug 2018 Dec 2018		Governor	Gov & Search; Audit; Academisation;	62%
Mr Stephen Foote	Nov 1998 Jan 2003 Jan 2007 Jan 2011 Dec 2014	4 years	Dec 2018		Governor	Audit; Corporation (Vice Chair); Corporation Chair; Quality & Planning (Chair); Remuneration (Vice Chair); Academisation;	94%
Ms Elaine Gridale	Dec 2014 May 2016	2 years 4 years	Sept 2016 May 2020	June 2018	(i) Parent (ii)Governor	Quality & Planning;	43%
Ms Kala Mandviwala	Sep 2008 Feb 2009 Nov 2016	1 year 4 years 4 years	Feb 2009 Nov 2016 Nov 2020		(i)Parent (ii)Governor	Remuneration;	86%
Mr Steven Pleasant	Dec 2006 Dec 2010 Dec 2014 Nov 2018 Jun 2018	4 years 4 years 4 years 6 mths 6 mths	Dec 2010 Nov 2014 Nov 2018 June 2018 Dec 2018		Governor	Finance & Resources;	50%
Mr Kamlesh Rajput	Apr 2004 Apr 2006 Apr 2010 Apr 2014 Mar 2018	2 years 4 years 4 years 4 years 4 years	April 2010 April 2014 April 2018 Mar 2022		(i)Parent (ii)Governor	Audit (Vice Chair);	60%



Mr Malcolm Sugden	Oct 2013 Oct 2014 June 2018	2 years 4 years 6 mths	July 2015 Sept 2018 Dec 2018		(i) External (ii) Governor	Audit (Chair); Remuneration; Academisation;	92%
Mr Gordon Tow	Jul 2011 July 2013 July 2017	2 years 4 years 5 mths	Jul 2013 July 2017 Dec 2017		(i) External (ii) Governor	Audit; Gov & Search	50%
Mr Keith Trelfa	Apr 1997 Apr 2001 Apr 2005 Apr 2009 Apr 2013 Mar 2017 Mar 2018	4 years 4 years 4 years 4 years 4 years 1 1 year 4 mths	Mar 2017 Apr 2005 Apr 2009 Apr 2013 Mar 2017 Mar 2018 July 2018		Governor	Quality & Planning (Vice Chair); Academisation (Chair) Finance & Resources (Chair); Remuneration (Chair); Gov & Search	93%
Mr Richard Allanson	Dec 2015	4 years	Dec 2019		Staff	Audit Committee;	100%
Ms Hazel Kindley	May 2016	4 years	May 2020		Staff	Quality & Planning Committee;	100%
Mr Anton McGrath	May 2016	Ex Officio			Principal	Quality & Planning; Finance & Resources, Remuneration; Gov & Search; Academisation;	100%
Dr Sarah Heath	Dec 2016	4 years	Dec 2020	Nov 2017	Governor	Finance & Resources;	0%
Chris Lyness	Dec 2016	4 years	Dec 2020		Governor	Audit;	88%
David Smith	June 2017	4 years	June 2021		Governor	Finance & Resources; Quality & Planning;	100%
Arabella Ahmed	Dec 2017	4 mths	Dec 2022	Dec 2018	Governor	Audit;	80%
Luke Wigglesworth	Sept 2017	1 year	Aug 2018		Student (FE)	Quality & Planning;	100%
Louise Hall	Jan 2017	4 years	Dec 2021		Governor	Finance & Resources;	67%

Table 9 Governors serving on the Corporation during 2017/18

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

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

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Finance and Resources, Remuneration, Human Resources, Governance and Search, Audit, Quality and Planning and Academisation.

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 Corporation for ensuring compliance with all applicable procedures and regulations. 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. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the clerk to the Corporation at:

Ashton Sixth Form College  
Darnton Road  
Ashton under Lyne  
Lancashire  
OL6 9RL

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

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

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

### Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Governance & Search committee comprised of five members, 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, but can be reappointed at the end of their term of office.

### Remuneration Committee

Throughout the year ended 31 July 2018, the College's Remuneration committee comprised four members. The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior post holders.

Details of remuneration for the year ended 31 July 2018 are set out in note 6 to the financial statements.

## Corporation Performance

All Governors are asked to complete the meeting evaluation questionnaire for all Corporation meetings. This will require them to comment on their understanding of being a governor, structure of the meetings, the strategic role, stewardship, scrutiny, and the support they require, if any.

## Audit Committee

The Audit Committee comprises of five members of the Corporation (excluding the Accounting Officer and Chair). The Committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance processes.

The Audit Committee meets on a termly basis 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 ESFA 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 and financial statements auditors and their remuneration for both audit and non-audit

work as well as reporting annually to the Corporation.

## Internal Control

### *Scope of responsibility*

The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable, 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 the Principal is personally responsible, in accordance with the responsibilities assigned to the Principal in the Financial Agreement between Ashton Sixth Form College and the funding bodies. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.



*The purpose of the system of internal control*

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Ashton Sixth Form College for the year ended 31 July 2018 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 year ending 31 July 2018 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 Corporation.
- Regular reviews by the Corporation 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.

The College has an internal audit service, which operates in accordance with the requirements of the ESFA' *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the college is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the audit committee. At minimum annually, the Head of Internal Audit (HIA) provides the Corporation 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 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. The Principal's 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 statement auditors and regularity auditors in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of their review of the effectiveness of the system of internal control by the audit committee which oversees the work of the internal auditor, and a plan to address weaknesses

and ensure continuous improvement of the system is in place.

The Principal and senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the audit committee also receive regular reports from internal audit, which include recommendations for improvement. The audit committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the audit committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At the 25 June 2018 meeting, the Corporation reviewed and approved an updated risk register and action plan.

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

## Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Member's Report. The financial position of the College, its cashflow, liquidity and borrowings are described in the financial statements and accompanying Notes.

The College primarily meets its day to day working capital requirements through cash generated from its day to day operations. It

also has loan facilities with Barclays Bank plc and Salix Finance Limited. The facility with Barclays Bank plc had a balance at 31 July 2018 of £888,000 due for repayment over the period to 30 September 2026. The facility with Salix Finance Limited had a balance at 31 July 2018 of £59,000 due for repayment over the period to 1 October 2020.

The final report from the Greater Manchester Area Review was published by the Department for Education in November 2016. Included within the recommendations from this review was a proposal for the College to consider conversion to an Academy. The members of the College's Corporation have agreed to pursue this conversion to an Academy, subject to the satisfactory conclusion of necessary regulatory and statutory approvals, which, if approved, would lead to the dissolution of the College Corporation. The current target conversion date is 1 February 2019.

The factors outlined above represent a material uncertainty that may cast significant doubt upon the College's ability to continue as a going concern. Nevertheless, having considered the uncertainties described above, the members of the Corporation have a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future, being a period of not less than 12-months from the date of approval of these financial statements. For these reasons, they continue to adopt the going concern basis in preparing the members' report and accounts.

In reaching this conclusion, the members of the Corporation have taken into account their on-going considerations as to whether to convert to an Academy. Whilst members of the Corporation continue to consider all the implications of conversion to an Academy, the members of the Corporation will not dissolve the Corporation. As such the members of the Corporation do not consider that they have an intention to dissolve the Corporation prior to approval

of these financial statements, which if triggered before then would render the going concern basis of preparation inappropriate.

Should the decision to convert to an Academy be taken and the Corporation dissolved, it would be expected that all trade, assets and liabilities of the College would transfer to the new body.

Approved by order of the members of the Corporation on 13 December 2018 and signed on its behalf by:



Mr A McGrath  
Accounting Officer  
13 December 2018



Mr S Foote  
Chair  
13 December 2018

## Statement of Regularity, Propriety and Compliance

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the college's grant funding agreement and contracts with ESFA. As part of our consideration we have had due regard to the requirements of the grant funding agreements and contracts with ESFA.

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 terms and conditions of funding under the College's grant funding agreements and contracts with ESFA.

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



Mr A McGrath  
Accounting Officer  
13 December 2018



Mr S Foote  
Chair  
13 December 2018



## Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the College's grant funding agreements and contracts with ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements and a members' report for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the College and its surplus / deficit of income over expenditure for that period.

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable 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 information about 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,

including the Further and Higher Education Act 1992 and Charities Act 2011, and 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 Corporation is responsible for the maintenance and integrity of the College's website; 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 ESFA are used only in accordance with ESFA's grant funding agreements and contracts, and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the ESFA are not put at risk.

Approved by order of the members of the Corporation on 13 December 2018 and signed on its behalf by:



Mr S Foote  
Chair

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

### Opinion

We have audited the financial statements of Ashton Sixth Form College for the year ended 31 July 2018 which comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2018 and of its deficit of income over expenditure for the year then ended; and
- have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice – Accounting for Further and Higher Education issued in March 2014.

### Basis for opinion

We have been appointed as auditor under the College's Articles of Government and report in accordance with regulations made under it. We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's

responsibilities for the audit of the financial statements section of our report. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Who are we reporting to

This report is made solely to the College's Corporation, as a body, in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the College's Corporation those matters we are required to state to it 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 College's Corporation as a body, for our audit work, for this report, or for the opinions we have formed.

### Material uncertainty related to going concern

We draw attention to note 1 in the financial statements concerning the College's ability to continue as a going concern. The College's Corporation is considering conversion to an Academy, which, if approved, would result in the dissolution of the College Corporation. As stated in note 1, these conditions, along with other matters explained in note 1 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the College's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Other information**

The Corporation are responsible for the other information. The other information comprises the information included in the Report, set out on pages 3 to 24 other than the financial statements and our auditor's report thereon. The Corporation are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept by the College; or

- the College annual accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of the Corporation for the financial statements**

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 24, the College's Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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



Grant Thornton UK LLP

Statutory Auditor, Chartered  
Accountants

Manchester

Date: 17 December 2018



## STATEMENT OF COMPREHENSIVE INCOME

### for the year ended 31 July 2018

	Note	2018 £'000	2017 £'000
<b>Income</b>			
Funding body grants	2	8,601	9,169
Tuition fees and education contracts	3	573	510
Other income	4	96	196
Investment income	5	2	4
<b>Total Income</b>		<b>9,272</b>	<b>9,879</b>
<b>Expenditure</b>			
Staff costs	6	7,096	7,186
Other operating expenses	7	1,864	2,054
Depreciation	9	856	865
Interest payable	15	153	142
<b>Total Expenditure</b>		<b>9,969</b>	<b>10,247</b>
<b>Deficit before other gains and losses</b>		<b>(697)</b>	<b>(368)</b>
Loss on disposal of tangible fixed assets		-	-
<b>Deficit before tax</b>		<b>(697)</b>	<b>(368)</b>
Taxation	8	-	-
<b>Deficit for the year</b>		<b>(697)</b>	<b>(368)</b>
Actuarial gain in respect of pensions	20	877	166
<b>Total comprehensive income for the year</b>		<b>180</b>	<b>(202)</b>
<b>Represented by:</b>			
Unrestricted comprehensive income		180	(202)
		<b>180</b>	<b>(202)</b>

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN RESERVES****for the year ended 31 July 2018**

	<b>Income and Expenditure Account</b>	<b>Revaluation Reserve</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 August 2016</b>	8,887	2,498	11,385
Deficit for the year	(368)	-	(368)
Other comprehensive income	166	-	166
Transfers between revaluation and income and expenditure reserves	41	(41)	-
<b>Total comprehensive income for the year</b>	<b>(161)</b>	<b>(41)</b>	<b>(202)</b>
<b>Balance at 31 July 2017</b>	<b>8,726</b>	<b>2,457</b>	<b>11,183</b>
Deficit for the year	(697)	-	(697)
Other comprehensive income	877	-	877
Transfers between revaluation and income and expenditure reserves	41	(41)	-
<b>Total comprehensive income for the year</b>	<b>221</b>	<b>(41)</b>	<b>180</b>
<b>Balance at 31 July 2018</b>	<b>8,947</b>	<b>2,416</b>	<b>11,363</b>

The accompanying notes form part of these financial statements.

**BALANCE SHEET AS AT 31 JULY**

	<b>Note</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
<b>Fixed assets</b>			
Tangible assets	9	16,621	17,290
<b>Current assets</b>			
Stock		2	3
Trade and other receivables	10	175	198
Cash at bank and in hand	17	933	347
		<u>1,110</u>	<u>548</u>
<b>Creditors: Amounts falling due within one year</b>	11	(755)	(581)
		<u>355</u>	<u>(33)</u>
<b>Net current assets/(liabilities)</b>			
		16,976	17,257
<b>Total assets less current liabilities</b>			
<b>Creditors: Amounts falling due after more than one year</b>	12	(3,251)	(3,295)
<b>Provisions</b>			
Defined benefit obligations	20	(2,134)	(2,551)
Other provisions	16	(228)	(228)
		<u>11,363</u>	<u>11,183</u>
<b>Total net assets</b>			
<b>Unrestricted reserves:</b>			
Income and expenditure account		8,947	8,726
Revaluation reserve		2,416	2,457
<b>Total unrestricted reserves</b>		<u>11,363</u>	<u>11,183</u>

The financial statements on pages 28 to 57 were approved by the Corporation on the 13 December 2018 and signed on its behalf by:



Mr Stephen Foote  
Chair

2018



Anton McGrath  
Accounting Officer

2018

**STATEMENT OF CASH FLOWS****for the year ended 31 July 2018**

	<b>Note</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
<b>Cash inflow from operating activities</b>			
Deficit for the year		(697)	(368)
<b>Adjustment for non cash items</b>			
Depreciation		856	865
Decrease/increase in stock		1	(1)
Decrease in debtors		23	33
Decrease in creditors due within one year		(52)	(265)
Deferred capital grants released to income		(86)	(121)
Pension costs and finance costs less contributions payable		460	288
<b>Adjustment for investing or financing activities</b>			
Investment income		(2)	(4)
Interest payable		79	142
<b>Net cash flow from operating activities</b>		<b>582</b>	<b>569</b>
<b>Cash flows from investing activities</b>			
Investment income		2	4
Payments made to acquire fixed assets		(187)	(793)
Deferred capital grants received		400	-
		<b>215</b>	<b>(789)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(79)	(82)
New borrowings		-	47
Repayments of amounts borrowed		(132)	(186)
		<b>(211)</b>	<b>(221)</b>
<b>Increase/(Decrease) in cash and cash equivalents in the year</b>		<b>586</b>	<b>(441)</b>
Cash and cash equivalents at beginning of the year	17	347	788
Cash and cash equivalents at end of the year	17	933	347

The accompanying notes form part of these financial statements.



## NOTES TO THE ACCOUNTS

### 1. ACCOUNTING POLICIES

#### Legal status

The Corporation was established under The Further and Higher Education Act 1992 and amended by the Apprenticeship, Skills, Children and Learning Act 2009 for the purpose of conducting Ashton Sixth Form College. The Corporation is an exempt for the purposes of the Charities Act 2011.

The Colleges registered address is as follows:

Darnton Road  
Ashton under Lyne  
Lancashire  
OL6 9RL

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

#### Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP), the College Accounts Direction for 2017 to 2018 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The financial statements are prepared in £ sterling.

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

#### Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

#### Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Member's Report. The financial position of the College, its cashflow, liquidity and borrowings are described in the financial statements and accompanying Notes.

The College primarily meets its day to day working capital requirements through cash generated from its day to day operations. It also has loan facilities with Barclays Bank plc and Salix Finance Limited. The facility with Barclays Bank plc had a balance at 31 July 2018 of £888,000 due for repayment over the period to 30<sup>th</sup> September 2026. The facility with Salix Finance Limited had a balance at 31 July 2018 of £59,000 due for repayment over a period of just over 2 years.

The final report from the Greater Manchester Area Review was published by the Department for Education in November 2016. Included within the recommendations from this review was a proposal for the College to consider conversion to an Academy. The members of the College's Corporation have agreed to pursue this conversion to an Academy, subject to

the satisfactory conclusion of necessary regulatory and statutory approvals, which, if approved, would lead to the dissolution of the College Corporation. The current target conversion date is 1 February 2019.

The factors outlined above represent a material uncertainty that may cast significant doubt upon the College's ability to continue as a going concern. Nevertheless, having considered the uncertainties described above, the members of the Corporation have a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future, being a period of not less than 12-months from the date of approval of these financial statements. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.

In reaching this conclusion, the members of the Corporation have taken into account their on-going considerations as to whether to convert to an Academy. Whilst members of the Corporation continue to consider all the implications of conversion to an Academy, the members of the Corporation will not dissolve the Corporation. As such the members of the Corporation do not consider that they have an intention to dissolve the Corporation prior to approval of these financial statements, which if triggered before then would render the going concern basis of preparation inappropriate.

Should the decision to convert to an Academy be taken and the Corporation dissolved, it would be expected that all trade, assets and liabilities of the College would transfer to the new body.

## Recognition of income

### *Revenue grant funding*

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the Statement of Comprehensive Income. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the result of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from HEFCE represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

Grants (including research 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.

#### *Capital grant funding*

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

#### *Fee income*

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

#### *Investment income*

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

### **Accounting for post-employment benefits**

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

#### *Teachers' Pension Scheme (TPS)*

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 there is insufficient information available to use defined benefit accounting. 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.

#### *Greater Manchester Pension Fund (LGPS)*

The LGPS is a funded scheme, and has been accounted for in accordance with FRS102 section 28. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is

recognised in interest and other finance costs.

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

### Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by a 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 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.

### Tangible fixed assets

#### Land and buildings

Land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated as it is considered to have an infinite useful life. 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; 25 years

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors, and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year

and those due after more than one year.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

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.

#### 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 after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.



## Equipment

Equipment costing less than £500 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

All assets are depreciated on a straight-line basis over their useful economic life as follows:

- General equipment - 10 years;
- Computer equipment - 4 years;

Where equipment is acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors, and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

## Borrowing costs

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

## Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income. Any lease premiums or incentives relating to leases are spread over the minimum lease term.

## Inventories

Inventories are stated at the lower of their cost and net realisable value,

being selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow-moving and defective items.

## Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

## Financial liabilities and equity

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

All loans, investments and short term deposits held by the College are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the College has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

## Agency arrangements

The College acts as an agent in the collection and payment of discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

## Taxation

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

The College is not registered for VAT. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

## Provisions and contingent liabilities

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

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

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

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

Other key sources of estimation uncertainty

- Tangible fixed assets

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

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 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 2016 has been used by the actuary in valuing the pensions liability at 31 July 2018. 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.

**2. FUNDING COUNCIL GRANTS**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Recurrent grants</b>		
Education and Skills Funding Agency - adult	198	155
Education and Skills Funding Agency – 16-18	8,228	8,676
HEFCE	8	6
<b>Specific grants</b>		
Education and Skills Funding Agency –other	81	210
Releases of deferred capital grants	86	122
<b>Total</b>	<b>8,601</b>	<b>9,169</b>

**3. TUITION FEES AND EDUCATION CONTRACTS**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Other 16-18 fees	11	7
Fees for FE loan supported courses	70	53
Fees for HE loan supported courses	479	430
International student fees	13	20
<b>Total tuition fees</b>	<b>573</b>	<b>510</b>
Education contracts	-	-
<b>Total</b>	<b>573</b>	<b>510</b>



**4. OTHER INCOME**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Catering and residence operations	28	28
Other income generating activities	51	132
Miscellaneous income	17	36
Other grant income	-	-
<b>Total</b>	<b>96</b>	<b>196</b>

**5. INVESTMENT INCOME**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable	2	4

**6. STAFF COSTS**

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

	<b>2018</b>	<b>2017</b>
	<b>No</b>	<b>No</b>
Teaching staff	87	90
Non teaching staff	69	68
	<b>156</b>	<b>158</b>

**Staff costs for the above persons:**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	5,265	5,530
Social security costs	514	498
Pension costs	1,153	1,068
Payroll sub total	6,932	7,096
Restructuring costs - Contractual	99	99
- Non contractual	65	90
	<b>7,096</b>	<b>7,186</b>

**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 senior post-holders who are the Principal, Deputy Principal and, until 31 March 2018 the Vice Principal. Staff costs include compensation paid to key management personnel for loss of office.

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

	<b>2018</b>	<b>2017</b>
	<b>No</b>	<b>No</b>
The number of key management personnel including the Accounting Officer was	3	3

The Vice Principal left on the 31<sup>st</sup> March 2018 as a result of the post becoming redundant following a restructuring. Consequently the maximum number of individuals who served as key management personnel during the year at any one time was three, but by year end there were two in post.

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

	Key management personnel	
	No. 2018	No. 2017
	No.	No.
£50,001 to £60,000	1	-
£60,001 to £70,000	-	-
£70,001 to £80,000	-	-
£80,001 to £90,000	1	2
£90,001 to £100,000	-	-
£100,001 to £110,000	-	-
£110,001 to £120,000	1	1
	<b>3</b>	<b>3</b>

There are no other staff who received annual emoluments, excluding pension contributions but including benefits in kind, in excess of £60,000.

Key management personnel emoluments are made up as follows

	2018	2017
	£'000	£'000
Salaries	264	282
Employers National Insurance	33	35
Benefits in kind	-	-
	<b>297</b>	<b>317</b>
Pension contributions	44	47
<b>Total Emoluments</b>	<b>341</b>	<b>364</b>

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 senior post-holder), as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	120	116
Benefits in kind	-	-
	<hr/> 120	<hr/> 116
Pension contributions	<hr/> 20	<hr/> 19

The pension contributions in respect of the principal and other key management personnel are in respect of employer's contributions to the Teachers' Pension Scheme and the Greater Manchester Pension Fund and are paid at the same rate as for other employees.

#### **Compensation for loss of office paid to former key management personnel**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Compensation paid to the former post-holder - contractual	12,959	-
Estimated value of other benefits, including provisions for pension benefits	86,070	-

The redundancy of this post, and consequential costs, were approved by the Corporation.

The members of the Corporation other than the Accounting Officer and staff members did not receive any payment from the institution nor any expenses.



**7. OTHER OPERATING EXPENSES**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Teaching costs	115	136
Non teaching costs	1,218	1,259
Premises costs	531	659
<b>Total</b>	<b>1,864</b>	<b>2,054</b>

<b>Other operating expenses include:</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Auditors remuneration - financial statements audit	18	18
Other services from external auditor – all other assurance services	1	1
Internal audit	15	17
Other services provided by the internal auditor	29	-
Hire of assets under operating leases	134	86

Operating leases are primarily for computer and photocopying equipment.

**8. TAXATION**

The College is not liable for any corporation tax arising out of its activities (2017:£nil).

**9. TANGIBLE FIXED ASSETS**

	<b>Freehold Land and Buildings</b>	<b>Assets under construction</b>	<b>Equipment</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or valuation</b>				
At 1 August 2017	21,188	-	4,668	25,856
Additions	-	109	78	187
At 31 July 2018	21,188	109	4,746	26,043
<b>Depreciation</b>				
At 1 August 2017	5,429	-	3,137	8,566
Charge for period	440	-	416	856
At 31 July 2018	5,869	-	3,553	9,422
<b>Net book value</b>				
<b>At 31 July 2018</b>	<b>15,319</b>	<b>109</b>	<b>1,193</b>	<b>16,621</b>
At 31 July 2017	15,759	-	1,531	17,290

Land and buildings were valued in April 1994 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.

**10. Trade and other receivables**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year</b>		
Trade debtors	22	21
Amounts owed by related parties	49	29
Prepayments and accrued income	104	100
	<b>175</b>	<b>150</b>
<b>Amounts due in more than one year</b>		
Amounts owed by related parties	-	48
<b>Total</b>	<b>175</b>	<b>198</b>

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Funds received in advance from ESFA	213	-
Trade creditors	57	21
Bank loans (note 13)	131	118
Other creditors	27	95
Accruals and deferred income	200	237
Other taxation and social security	53	36
Deferred income – government capital grants	74	74
<b>Total</b>	<b>755</b>	<b>581</b>

**12. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans (note 13)	816	961
Deferred income – government capital grants	2,435	2,334
<b>Total</b>	<b>3,251</b>	<b>3,295</b>

**13. MATURITY OF DEBT**

The College's bank loans are repayable as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
From one to two years	131	138
From two to five years	335	312
More than five years	350	511
After more than one year	816	961
Within one year	131	118
<b>Total</b>	<b>947</b>	<b>1,079</b>

The College holds two bank loans (1) Barclays Bank PLC; (2) Salix Finance Ltd. The Barclays Bank loan is an agreed facility of £1,400,000 paying a fixed rate of 6.35% from March 2012, repayable over 10 years. The Salix Finance loan is an interest free loan repayable over a total of 5 years, current loan balance £59,000.

**14. FINANCIAL ASSETS AND LIABILITIES**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Financial assets measured at amortised cost	1,014	445
Financial liabilities measured at amortised cost	1,174	1,359

Financial assets measured at amortised cost comprise cash and cash equivalents, trade debtors, and amounts owed by related parties and accrued income.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, accruals and other creditors.

**15. INTEREST PAYABLE**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
On bank loans, overdrafts and other loans	79	82
Net interest on defined pension liability (note 20)	74	60
<b>Total</b>	<b>153</b>	<b>142</b>



**16. PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Enhanced pension</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>
At 1 August 2017	228	228
Expenditure in the period	-	-
Transferred to income & expenditure	-	-
<b>At 31 July 2018</b>	<b>228</b>	<b>228</b>

The enhanced pension provision relates to the cost of staff who have already left the College's employment. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	<b>2018</b>	<b>2017</b>
Interest rate	2.3%	2.3%
Net interest rate	1.3%	1.3%

**17. CASH AND CASH EQUIVALENTS**

	<b>As at 1 August 2017</b>	<b>Cash flows</b>	<b>As at 31 July 2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash and cash equivalents	347	586	933
<b>Total</b>	<b>347</b>	<b>586</b>	<b>933</b>

**18. CAPITAL COMMITMENTS**

Capital expenditure commitments were as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Contracted for, but not provided in the accounts	1,405	100

**19. FINANCIAL COMMITMENTS****Operating Lease Commitments**

At 31 July 2018 the College had minimum lease payments under non-cancellable operating leases as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Equipment</b>		
Not later than one year	73	69
Later than one year and not later than five years	137	103
	<b>210</b>	<b>172</b>

**20. PENSIONS**

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Greater Manchester Pension Fund (GMPF) for non-teaching staff, which is managed by Tameside Metropolitan Borough Council. Both are multi-employer defined-benefit plans.

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 GMPF 31 March 2016.

<b>Total pension cost for the year</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Teachers' Pension Scheme: contributions paid	529	544
Local Government Pension Scheme:		
Contributions paid	324	236
FRS 102 (28) charge	386	288
Charge to the Statement of Comprehensive Income	710	524
Enhanced pension charge to Statement of Comprehensive Income	-	-
<b>Total Pension Cost for Year within staff costs</b>	<b>1,239</b>	<b>1,068</b>

### Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including colleges. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

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.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2012. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

- New employer contribution rates were set at 16.48% of pensionable pay (including administration fees of 0.08%);

- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay.
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The new employer contribution rate for the TPS was implemented in September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable at some point in 2019.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £529,000 (2017: £544,000)

### Greater Manchester Pension Fund (GMPF)

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Tameside Metropolitan Borough Council. The total contributions made for the year ended 31 July 2018 were £415,000, of which employer's contributions totalled £324,000 (including £86,000 strain costs in respect of the redundancy of the Vice Principal) and employees' contributions totalled £91,000. The agreed contribution rates for future years are 17.3% for employers and range from 5.5% to 9.9% for employees, depending on salary.

In October 2018, the High Court ruled that Guaranteed Minimum Pension (GMP) benefits must be equalised and that defined benefit pension schemes must compensate members for differences attributable to GMPs. This could result in an additional liability being recognised in respect of the LGPS. This is considered to be a non-adjusting post balance sheet event. The financial effect of this cannot be reliably estimated at this stage.

### Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2018 by a qualified independent actuary.

	At 31 July 2018	At 31 July 2017
Rate of increase in salaries	3.2%	3.3%
Future pensions increases	2.4%	2.5%
Discount rate for scheme liabilities	2.8%	2.7%
Inflation assumption (CPI)	2.4%	2.5%

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

	<b>At 31 July 2018</b>	<b>At 31 July 2017</b>
	years	years
<i>Retiring today</i>		
Males	21.5	21.5
Females	24.1	24.1
<i>Retiring in 20 years</i>		
Males	23.7	23.7
Females	26.2	26.2

<b>Sensitivity analysis</b>	<b>At 31 July 2018</b>
	£'000
Discount rate -0.5%	1,246
Salary increase rate +0.5%	189
Pension increase rate +0.5%	1,041

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

	<b>Estimated split of assets at 31 July 2018</b>	<b>Fair Value at 31 July 2018</b>	<b>Estimated split of assets at 31 July 2017</b>	<b>Fair Value at 31 July 2017</b>
		£'000		£'000
Equities	68%	4,882	72%	4,540
Bonds	16%	1,149	16%	1,009
Property	7%	503	6%	378
Cash	9%	646	6%	378
<b>Total fair value of plan assets</b>		<b>7,180</b>		<b>6,305</b>
<b>Weighted average expected long term rate of return</b>	<b>2.8%</b>		<b>2.7%</b>	
<b>Actual return on plan assets</b>		<b>557</b>		<b>739</b>



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

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of plan assets	7,180	6,305
Present value of plan liabilities	(9,310)	(8,843)
Present value of unfunded liabilities	(4)	(13)
<b>Net pensions liability</b>	<b>(2,134)</b>	<b>(2,551)</b>

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

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts included in staff costs</b>		
Current service cost	(579)	(509)
Past service cost	(131)	(15)
<b>Total</b>	<b>(710)</b>	<b>(524)</b>

**Amounts included in investment income**

Net interest income	174	131
Interest costs on defined benefit obligations	(248)	(191)
	<b>(74)</b>	<b>(60)</b>

**Amount recognised in Other Comprehensive Income**

Return on pension plan assets	383	608
Changes in financial assumptions	485	(442)
Other experience	9	-
<b>Amount recognised in Other Comprehensive Income</b>	<b>877</b>	<b>166</b>

**Movement in net defined benefit liability during year**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Net defined benefit liability in scheme at 1 August	(2,551)	(2,369)
Movement in year:		
Current service cost	(579)	(509)
Employer contributions	324	235
Contributions in respect of unfunded benefits	-	1
Past service cost	(131)	(15)
Net interest on the defined liability	(248)	(191)
Interest income on plan assets	174	131
Other experience	9	-
Changes in financial assumptions	485	(442)
Return on assets	383	608
<b>Net defined benefit liability at 31 July</b>	<b>(2,134)</b>	<b>(2,551)</b>

**Asset and Liability Reconciliation**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	<b>8,856</b>	<b>7,704</b>
Current service cost	579	509
Interest cost	248	191
Contributions by Scheme participants	91	89
Changes in financial assumptions	(485)	442
Benefits paid	(97)	(93)
Past Service cost	131	15
Unfunded benefits paid	-	(1)
Other experience	(9)	-
<b>Defined benefit obligations at end of period</b>	<b>9,314</b>	<b>8,856</b>

**Changes in fair value of plan assets**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Fair value of plan assets at start of period</b>	<b>6,305</b>	<b>5,335</b>
Interest on plan assets	174	131
Return on plan assets	383	608
Employer contributions	324	235
Contributions by Scheme participants	91	89
Benefits paid	(97)	(93)
Contributions in respect of unfunded benefits	-	1
Unfunded benefits paid	-	(1)
<b>Fair value of plan assets at end of period</b>	<b>7,180</b>	<b>6,305</b>

**21. AMOUNTS DISBURSED AS AGENT**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Funding body grants	425	562
Disbursed to Students	(382)	(460)
Administration costs	(16)	(16)
Balance unspent as at 31 July, included in creditors	27	86

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.

**22. RELATED PARTIES TRANSACTIONS**

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

During the year-ended 31 July 2018, the College, along with a number of other educational institutions, operated A Plus Trust, a Company Limited by guarantee. The College is a member of A Plus Trust and has guaranteed an amount of £1. Due to the common influence between the College and A Plus Trust, it is considered to be a related party. During the year, an amount of £12,466 (2017: £30,692) was incurred by the College, as follows:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Recharges to the Trust (income)	21,990	58,205
Pay expenditure	(22,830)	(26,478)
Non Pay expenditure	(11,626)	(62,420)
<b>Net expenditure</b>	<b>(12,466)</b>	<b>(30,693)</b>

There were trading balances outstanding at the year end of £500 (2017: £28,630). In order to facilitate the operations of A Plus Trust the College loaned the company £48,000 (2017: £48,000) and transaction is recorded in note 10 of the accounts.

No governor has received any remuneration, expenses or waiver payments from the College during the year (2017: None).

## Reporting accountant's assurance report on regularity

To:

**The corporation of Ashton Sixth Form College and Secretary of State for Education acting through the Education and Skills Funding Agency ("ESFA")**

In accordance with the terms of our engagement letter dated 8 November 2018 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts 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 Ashton Sixth Form College during the period 1 August 2017 to 31 July 2018 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 Post-16 Audit Code of Practice ('the Code') issued by ESFA. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record returns, for which ESFA has other assurance arrangements in place.

This report is made solely to the corporation of Ashton Sixth Form College and ESFA, in accordance with the terms of our engagement letter. Our work has been undertaken so that we

might state to the corporation of Ashton Sixth Form College and ESFA those matters we are required to state in a limited assurance 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 Ashton Sixth Form College, as a body, and ESFA, as a body, for our work, for this report, or for the conclusion we have formed.

## Respective responsibilities of Ashton Sixth Form College and the reporting accountant

The corporation of Ashton Sixth Form College is responsible, under the requirements of the Further and 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 Code. 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 2017 to 31 July 2018 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 Code issued by ESFA. 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 our conclusion includes:

- an assessment of the risk of material irregularity and impropriety across the college's activities;
- evaluation of the processes and controls established and maintained in respect of regularity and propriety for the

use of public funds through observation of the arrangements in place and enquiries of management;

- consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance and that included in the self-assessment questionnaire (SAQ); and
- limited testing, on a sample basis, of income and expenditure for the areas identified as high risk and included on the SAQ.

## 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 2017 to 31 July 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Grant Thornton UK LLP*

Grant Thornton UK LLP  
Chartered Accountants  
Manchester

*17 December 2018*



**Ashton Sixth Form College**

Darnton Road,  
Ashton-under-Lyne,  
Lancashire. OL6 9RL

T: 0161 330 2330

F: 0161 339 1772

W: [www.asfc.ac.uk](http://www.asfc.ac.uk)

E: [info@asfc.ac.uk](mailto:info@asfc.ac.uk)