

BIRKENHEAD SIXTH FORM COLLEGE

Report and Financial Statements

for the year ended 31st July 2017

BIRKENHEAD SIXTH FORM COLLEGE

**Key Management Personnel, Board of Governors and Professional Advisers
For the year ended 31st July 2017**

Key Management Personnel

Key management personnel are defined as members of the College Senior Management Team and were represented by the following in 2016/17:

| | |
|-----------------|--|
| Kathryn Podmore | Principal, Accounting Officer |
| Mike Kilbride | Deputy Principal |
| Rob Myatt | Assistant Principal (appointed 01/06/2016) |
| Kate Rigby | Assistant Principal (resigned 31/08/2016) |
| Karen Wiggins | Director of Finance & Resources (resigned 30/04/2017) |
| Will Melia | Director of Finance & Resources (appointed 20/04/2017) |

Board of Governors (During the period)

A full list of Governors is given on pages 9 and 10 of these financial statements.

Professional Advisers

Financial Statement Auditors and Reporting Accountants:

RSM UK Audit LLP
Bluebell House
Brian Johnson Way
Preston
PR2 5PE

Internal Auditors:

Wylie & Bisset LLP
168 Bath Street
Glasgow
G2 4TP

Bankers:

Lloyds Bank
1st Floor, 5 St Paul's Square
Liverpool
L3 9SJ

Solicitors:

SAS Daniels LLP
30 Greek Street
Stockport
SK3 8AD

Cook Lawyers
Barons Court
Manchester Road
Wilmslow
SK9 1BQ

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BIRKENHEAD SIXTH FORM COLLEGE

Strategic Report

For the year ended 31st July 2017

NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statements for the year ended 31st July 2017.

Legal Status

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

On 1st August 2017 the College became an Academy under the Academies Act 2010 and all property, rights, assets and liabilities of Birkenhead Sixth Form College were transferred to Wirral Academy Trust.

Mission

The mission / values were reviewed by the Board of Corporation on 14th March 2015. It was agreed that the existing mission is fit for purpose and the current values and strategic objectives should be maintained for 2016/17.

The mission is:

- To be an outstanding Sixth Form College providing high quality education for all

The values are:

- Having the highest standards and expectations in everything we do
- Delivering high quality teaching and learning
- Enabling all learners and staff to achieve their full potential
- Creating a challenging and supportive educational experience
- Fostering confidence, independence, personal growth and aspirations
- Promoting equality of opportunity, diversity, participation and respect in a safe learning environment and democratic society.

Public Benefit

Birkenhead Sixth Form College is an exempt charity under 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 Governing Body, who are trustees of the charity, are disclosed on pages 9 and 10.

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

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

The College provides high quality Post 16 education for a wide cohort of students and has an aspirational culture which encourages young people to strive for the best that they can possibly achieve. A significant contribution is made to widening participation and tackling social exclusion. Strong academic and pastoral support are available to enable young people to achieve their full potential and to develop skills and attributes that will allow them to progress to the next stage whether that be within the region, nationally or internationally. The College has an excellent progression record for students entering university and a high proportion of those

BIRKENHEAD SIXTH FORM COLLEGE

Strategic Report (Continued) For the year ended 31st July 2017

students are first entrants in their family into Higher Education. A network of links has been developed with employers enabling students to access high level apprenticeships and employment opportunities.

Implementation of the Strategic Plan

The College reviews its strategic and financial plans annually. The Corporation monitored the performance of the College against these plans. The College's strategic objectives are:

- To sustain high success rates and value added in all curriculum areas
- To meet recruitment targets
- To continue to offer a broad and flexible curriculum to meet the needs of learners and to enable students to be able to make choices
- To continue to enhance pastoral support and guidance for learners including highly effective careers / employability advice
- To work with staff and students to develop our culture of high expectations in a supportive environment
- To use the support structures to maximise teaching and learning efficiency
- To have the best resources possible to meet the needs of staff and learners
- To manage the financial health of the College and reductions in funding to protect the core business of the College
- To provide high quality teaching and learning
- To develop a range of strategic partnerships and further external links

The College is on target for achieving these objectives.

The College's specific objectives for 2016/17 were;

- Maintenance of high standards as demonstrated through the College's success rates, high grade achievement and value added data
- Strong recruitment to the College and improved progression statistics
- Successful implementation of new specifications at Level 3
- Further development of activities and a programme to support students to develop positivity, ambition, resilience and thoughtfulness
- A review of a range of activities and procedures to enhance the College structure and teaching and learning activities
- Additional investment in the infrastructure through a range of internal maintenance projects, extension of catering provision and enhancement of its IT provision and facilities
- Successful revalidation of its partnership with the University of Liverpool
- Proactive participation in the Area Based Review to develop the College's preferred option to explore academy status
- Continued work in conjunction with Wirral Academy Trust

All of the above objectives for 2016/17 were achieved.

General Financial Objectives

1. The College wishes to maintain a healthy financial status so as to:
 - protect itself from unforeseen adverse changes in income, particularly caused by funding cuts and fluctuations in enrolments.
 - generate sufficient income to enable maintenance and improvement of its accommodation and equipment.
2. The College wishes to maintain the confidence of funders, suppliers, bankers and auditors.
3. The College wishes to raise the awareness of College staff of the financial environment under which it operates and to ensure that they are mindful of the College's drive to ensure value for money.

BIRKENHEAD SIXTH FORM COLLEGE

Strategic Report (Continued) For the year ended 31st July 2017

Specific Financial Objectives

1. To maintain a sound financial base (solvency and liquidity) by:
 - careful management of cash flow to ensure that we have a positive cash position at all times.
 - monitoring and management of key financial ratios to maintain a healthy financial status. Management will put in place a plan to improve the financial health position.
 - developing a management plan to minimise the deficit positions currently forecast.
 - the senior management team holding an annual strategy review to ensure that the College remains on track to achieve or better its financial plans and is able to manage any adverse movement in its financial position.
2. To improve financial management by:
 - providing management accounts on a monthly basis incorporating an income and expenditure account, balance sheet, twelve month rolling cash flow forecast, staffing and funding information.
 - providing value for money through effective procurement and tight control of the cost base.
 - seeking to obtain better deals on our contracts.
3. To maintain the confidence of funding bodies, suppliers and professional advisors by:
 - providing financial and non-financial returns on time and in the agreed format.
 - ensuring all returns requiring certification by auditors are unqualified.
 - adhering to the College's policy to pay all suppliers within 30 days of receipt of an invoice.
 - retaining good or outstanding financial health status.
4. To achieve academy status to enable greater financial security by:
 - receiving repayment of VAT.
 - enabling the College as an academy to sit within a Multi Academy Trust that would provide the opportunity for greater staffing efficiencies to be attained.
 - accessing central services that would be more cost effective through a Multi Academy Trust.
 - generating a range of cost savings and potential funding streams as an academy within a Multi Academy Trust.
5. To raise awareness of financial issues by:
 - providing advice, guidance and training to staff, management and governors on funding, funding methodologies, budgeting and the College's financial procedures.
 - providing adequate information to ensure staff, management and governors are kept up to date with the financial position of the College.
6. To improve the stock of College accommodation and equipment by:
 - generating sufficient funds to ensure the College's specified programme of planned maintenance can be undertaken.
 - generating sufficient funds to ensure the College can invest in its building infrastructure, technology and equipment required to support learning programmes and College administration.
 - ensuring adequate procedures are in place to protect assets from loss, theft and neglect.

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

Performance Indicators

The College is committed to observing the importance of sector measures and indicators. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency. The Finance Record produces a financial health grading. The current rating of Good is considered an acceptable outcome.

FINANCIAL POSITION

Financial Results

The College generated a deficit before other gains and losses in the year of £0.868m (2015/16 – deficit of £0.364m).

BIRKENHEAD SIXTH FORM COLLEGE

Strategic Report (Continued) For the year ended 31st July 2017

The College has accumulated reserves of negative £0.879m and cash and short term investment balances of £0.787m. The College wishes to continue to accumulate reserves and cash balances in order to create a contingency fund.

Tangible fixed asset additions during the year amounted to £0.098m. This all related to equipment purchased in the year.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2016/17 the FE funding bodies provided 88% of the College's total income.

Treasury Policies and Objectives

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

The College has a separate treasury management policy in place.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation.

Cash Flows and Liquidity

The negative £0.100m (2015/16 positive £0.266m) net cash flow from operating activities was mainly a result of an increase in the deficit in the year to £0.868m (2015/16: £0.364m).

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student Numbers

For the academic year 2016/17 the College enrolled 1,271 sixth form students, in addition the College had 150 learners enrolled on our post-19 funded programmes.

The College also ran a small number of leisure programmes; these are non-qualification full cost recovery courses normally attended for one evening per week for various lengths of time.

Student Achievements

The sixth form had yet another successful year for academic performance. Level 3 success rates remain above the sector average at 86.6%. Overall value added remains very positive for all Level 3 provision on a range of measures. The College is placed in the top 25% nationally for A-Level provision by ALPS, this being supported by a top 16% placing in the Sixth Form College Sector Six Dimensions analysis. College record breaking high grades have been maintained with the A-Level percentage now standing at 44.2%.

Of particular note is the very high achievement in GCSE Maths and English, in 2012-13 we had achieved the outstanding outcome of 77% achieving a C grade pass, such was the extent of this performance that it became the object of an OFSTED case study into good practice. This high level of performance has been maintained in the subsequent years and was 76.4% in 2016-17.

Ofsted Report

The College received a full Ofsted inspection in December 2016 with the following judgements:

| | | |
|--------------------------------|-------------|---|
| Overall effectiveness | Outstanding | 1 |
| Leadership and management | Outstanding | 1 |
| Behaviour and safety of pupils | Outstanding | 1 |
| Quality of teaching | Outstanding | 1 |
| Achievement of pupils | Outstanding | 1 |

BIRKENHEAD SIXTH FORM COLLEGE

Strategic Report (Continued) For the year ended 31st July 2017

Curriculum Developments

The College has a comprehensive range of courses based round an academic and soft vocational offer. Each year a curriculum review takes place and the offer is amended when there is a need to change or adjust our offer.

Events After the End of the Reporting Period

On the 1st August 2017 Birkenhead Sixth Form College converted to an Academy and joined the Wirral Academy Trust (a Multi Academy Trust) on the same date.

Future Prospects

The College will continue to appraise its curriculum offer to enable study programmes to meet the needs of students and be delivered in the most effective way. A review is undertaken annually. New structures will be implemented to enhance support for students across the College. These structures will also be underpinned by the implementation of a new programmes such as BePart which has been created to develop positivity, ambition, resilience and thoughtfulness in students. This initiative is being supported by research being undertaken by Liverpool John Moores University.

RESOURCES

The College has various resources that it can deploy in pursuit of its strategic objectives. Tangible resources are £7.423m (2016: £7.913m) with a further £0.988m (2016: £1.157m) held in current assets.

Financial

The College has negative £0.759m (2016: negative £0.780m) of net assets, including £3.319m pension liability (2016: £3.977m).

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 the goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2016 to 31 July 2017, the College paid 94.2% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

People

The College employed 143 staff (expressed as full time equivalents), of whom 72 are teaching staff.

Reputation

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

BIRKENHEAD SIXTH FORM COLLEGE

Strategic Report (Continued) For the year ended 31st July 2017

A risk register is maintained at the College which is reviewed annually by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring and their potential impact on the College. Risks are prioritised using a consistent scoring system. The actions being taken to reduce and mitigate the risks are incorporated into an annual action plan.

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

1. Government Funding

The College has considerable reliance on government funding. In 2016/17, 88% of the College's revenue was from funding bodies and this level of requirement is expected to continue. There is no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of the following issues which may impact on future funding:

- The continued political priorities to reduce the levels of funding in the public sector.
- The potential of further reduction of specific elements of Post 16 funding.
- The fact that Post 19 students received a reduced rate of funding.
- The need to ensure full compliance with guidelines in relation to study programmes and any potential changes to the funding of study programmes.
- The further expansion of student loans.
- The availability of funding via the Local Authority to support high cost learners.
- The implementation of the apprenticeship levy.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training.
- By maintaining constant focus on marketing the College's product in the most effective manner.
- By constantly reviewing the curriculum offer available to students.
- By meeting College recruitment targets.
- By ensuring the College is focused on those adult priority sectors which will continue to benefit from public funding.
- By working with the Local Authority to identify high cost learning needs of students at an early stage.
- By careful management of the budget and identification of where costs can be reduced.
- By close analysis of the funding methodology and the development of a strategy to maximise funding and opportunities for students.
- By seeking external sources of funding.

2. Pressures in the Market for 16-19 Students

There is a continuing demographic decline until 2018 in the numbers of students in the cohort that the College recruits from. At the same time, there is increasing competition for students from grammar schools, independent schools, schools with sixth forms, academies and the potential development of new providers. There are also an increasing number of high-quality apprenticeship opportunities available.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus realising value for money for students and attracting more potential students.
- By maintaining a constant focus on marketing the College's services in the most effective manner.
- By continuing to maintain and improve the infrastructure to provide a high standard learning environment.
- By striving to maintain strong relationships with partner High Schools and other schools, to maximise the number of students recruited.
- By improving the intake of students from a larger number of catchment areas.
- By reviewing marketing strategies.

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Strategic Report (Continued) For the year ended 31st July 2017

- By exploring strategies to work with partners in the region.
- By meeting recruitment targets.

3. Maintain adequate 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. The risk is mitigated by an agreed deficit recovery plan with Merseyside Pension Fund.

STAKEHOLDER RELATIONSHIPS

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

- Students
- Parents
- Local community
- Staff
- Employers
- Other FE colleges and schools
- Higher Education Institutions
- Education sector funding bodies
- Sixth Form College Commissioner
- Wirral Borough Council
- Wirral Academy Trust
- Government Offices/Local Enterprise Partnerships
- Professional bodies and trade unions

The College recognises the importance of these relationships and engages in regular communication with them through a range of 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 the College will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis. The College has an established Single Equality Statement, which is implemented and closely monitored by a manager with responsibility for equality and diversity. We strive rigorously to remove conditions which place people at a disadvantage and we actively combat any discrimination. An equality and diversity cross College group has been established to develop action plans, oversee implementation and raise awareness of issues relating to equality and diversity across the College. Regular reports on equality and diversity are scrutinised by the Governors. All College policies are reviewed to ensure compliance with equality legislation and are published on the intranet site.

The College is proactive in participating in relevant initiatives and developing partnerships with local interest groups. The College has supported various initiatives to promote equality of opportunity and has worked closely with minority groups in Wirral.

The College considers all applications from persons with a disability, bearing in mind the aptitudes of the individuals concerned. Where an existing employee has a disability every effort is made to ensure that reasonable adjustments are made. The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees. Additionally, the College has achieved the 'Positive About Disabled People' status which is an award that is reviewed annually.

BIRKENHEAD SIXTH FORM COLLEGE

Strategic Report (Continued)
For the year ended 31st July 2017

Disability Statement

The College aims to make appropriate and expert provision so that all students have the opportunity to achieve their academic potential and attain their personal and social goals.

The role of the Learning Support team is to identify and meet the learning support requirements of individual students with learning difficulties and/or disabilities so they are included in all aspects of College life.

The College:

- Encourages students to attend liaison meetings and "taste" subjects they wish to study to ease the transition process and enable staff to fully assess their needs.
- Provides Learning Support Assistants, specialist Dyslexia tutors, a behavioural specialist, an English as an Additional Language (EAL) tutor and the Learning Support Manager to enhance support in and out of the classroom. The Learning Support team will also liaise with external agencies to advise them on support required for the students.
- Gives opportunities for students to engage with an 'in house' Listening Service.
- Has access for students with mobility difficulties to most areas of the College and if required ground floor rooms will be utilised, where appropriate.
- Develops an individual support plan and puts in place reasonable adjustments, where appropriate.
- Has implemented the Special Educational Needs and Disabilities (SEND) guidelines.
- Undertakes risk assessments to identify any reasonable adjustments that may be required.

Disclosure of Information to Auditors

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

Approved by order of the members of the Wirral Academy Trust Board on behalf of Birkenhead Sixth Form College on 12th December 2017 and signed on its behalf by:

Signed:



Chair of the Trust Board: Carl Beer

BIRKENHEAD SIXTH FORM COLLEGE

Statement of Corporate Governance and Internal Control For the year ended 31st July 2017

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2016 to 31st July 2017 and up to the date of dissolution.

The College endeavours to conduct its business:

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

The College is committed to exhibiting best practice in all aspects of corporate governance. 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.

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

The Corporation

The members who served on the Corporation during the year and up to the date of dissolution were as follows:

| Name | Date of Appointment | Term of Office | Date of Resignation | Status of Appointment | Committees Served | Corporation Attendance |
|----------------|--------------------------------------|----------------|---------------------|-----------------------|--|------------------------|
| Samantha Airey | 01/09/07 Re-appointed 01/09/15 | 4 years | 31/07/17 | External | Employment Remuneration | 1/4 |
| Matthew Brown | 06/07/15 | 4 years | 31/07/17 | External | Finance & Resources Remuneration | 2/4 |
| Sara Byrne | 09/07/12 Re-appointed 09/07/16 | 4 years | 31/07/17 | External | Finance & Resources Remuneration | 3/4 |
| Paula Crosbie | 05/07/10 Re-appointed 05/07/14 | 4 years | 15/09/16 | External | Audit, Employment | 3/4 |
| Angela Cross | 14/03/16 | 4 years | 21/03/17 | External | Employment, Standards & Quality, Strategy & Governance | 2/2 |
| Lyn Eaton | 05/07/10 Re-appointed 05/07/14 | 4 years | 31/07/17 | External | Employment, Finance & Resources, Standards & Quality, Search & Governance | 4/4 |
| Louis Earley | 04/07/16 | 1 year | 31/07/17 | Student | Audit | 4/4 |

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Statement of Corporate Governance and Internal Control (Continued) For the year ended 31st July 2017

| Name | Date of Appointment | Term of Office | Date of Resignation | Status of Appointment | Committees Served | Corporation Attendance |
|--------------------------|--|----------------|---------------------|-----------------------|--|------------------------|
| Steve Griffiths | 07/07/14 | 4 years | 31/07/17 | External | Audit | 4/4 |
| Eileen Heaton-Brook | 09/07/12 Re-appointed 09/07/16 | 4 years | 27/06/17 | External | Audit, Employment Strategy & Governance | 2/3 |
| Ian Jones | 01/09/07 Re-appointed 01/09/15 | 4 years | 31/07/17 | External | Audit, Employment, Strategy & Governance, Remuneration | 3/4 |
| Sharon Kieran | 14/12/15 | 4 years | 03/07/17 | Staff | Finance & Resources | 1/3 |
| Kathryn Podmore | 01/09/06 | | 31/07/17 | Principal | All except Audit | 4/4 |
| Denise Roberts | 01/11/99 Re-appointed 01/11/03 01/11/07 01/11/11 01/11/15 | 4 years | 08/02/17 | External | Audit, Employment, | 1/2 |
| Frances Street | 01/09/07 Re-appointed 01/09/11 01/09/15 | 4 years | 05/12/16 | External | Finance & Resources, Standards & Quality | 0/1 |
| Jon Thorpe | 14/12/09 Re-appointed 14/12/13 | 4 years | 31/07/17 | Staff | Standards & Quality | 4/4 |
| Pete Timmins | 24/09/12 Re-appointed 24/09/16 | 4 years | 31/07/17 | External | Audit, Standards & Quality, Strategy & Governance | 4/4 |
| Emily Wagstaff | 04/07/16 | 1 year | 03/07/17 | Student | Finance & Resources | 3/4 |
| Shirley Yearwood Jackman | 22/09/14 | 4 years | 31/07/17 | Parent | Standards & Quality Strategy & Governance | 3/4 |

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 & Resources, Standards & Quality, Employment, Search & Governance and Audit. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available to be viewed on the College website or via the Clerk to the Corporation at:

Birkenhead Sixth Form College
Park Road West
Claughton Village
Wirral, CH43 8SQ

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Statement of Corporate Governance and Internal Control (Continued) For the year ended 31st July 2017

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.

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

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

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

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

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search (roles and responsibilities) committee, consisting of three members of the Corporation plus the Principal and Chair as ex officio 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.

Employment Committee

Throughout the year ending 31st July 2017, the College's Employment Committee comprised four and seven members of the Corporation. The Committee's responsibilities are to make recommendations to the Corporation on the framework of pay and conditions of service for all staff including senior post-holders and the Clerk to the Corporation. In the case of senior post-holders and the Clerk, this is to include appraisal, promotion, grading, suspension, dismissal and retirement. The Committee also considers any employment matters, including those referred to it by the Corporation.

In addition, the Employment Committee advises the Corporation on the conduct, composition and procedures of any selection panel for senior post-holders and generally on the appointment of senior post-holders, including the Clerk to the Corporation.

Details of remuneration for the year ended 31st July 2017 are set out in note 7 to the financial statements.

Audit Committee

The Audit Committee comprised between four and six members of the Corporation (excluding the Principal and Chair). The committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal, regularity and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from funding bodies 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.

BIRKENHEAD SIXTH FORM COLLEGE

Statement of Corporate Governance and Internal Control (Continued) For the year ended 31st July 2017

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 and not absolute assurance against material misstatement or loss.

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Agreement between Birkenhead Sixth Form College and the funding bodies. She 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 on-going 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 Birkenhead Sixth Form College for the year ended 31st July 2017 and up to the date of dissolution.

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 on-going process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31st July 2017 and up to the date of dissolution. This process is regularly reviewed by the Corporation.

The Risk and Control Framework

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

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

Birkenhead Sixth Form College has an internal audit service, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At minimum annually, the Head of Internal Audit (HIA) provides the

BIRKENHEAD SIXTH FORM COLLEGE

Statement of Corporate Governance and Internal Control (Continued) For the year ended 31st July 2017

governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of 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. Her review of the effectiveness of the system of internal control is informed by:

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

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

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

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 College produces a rolling 12-month cash flow statement which is reviewed monthly by management and 3 times per annum by governors. Also, as part of the annual financial planning exercise the cash flow projections are extended for at least 3 years. The College has sufficient cash to service its liabilities for at least 12 months post the signing of these accounts.

The College is not a going Concern as on 31st July 2017, the Corporation was dissolved and the College became an Academy under the Academies Act 2010. On 1st August 2017 all property, rights, assets and liabilities of Birkenhead Sixth Form College were transferred, at carrying value, to Wirral Academy Trust.

Approved by order of the members of the Wirral Academy Trust Board on behalf of Birkenhead Sixth Form College on 12th December 2017 and signed on its behalf by:

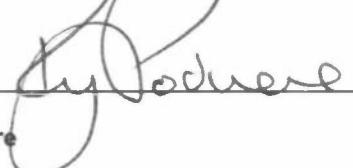
Signed:



Chair of the Trust Board:

Carl Beer

Signed:



Accounting Officer:

Kathryn Podmore

BIRKENHEAD SIXTH FORM COLLEGE

Governing Body's Statement on the College's Regularity, Propriety and Compliance

The Trust Board of Wirral Academy Trust on behalf of Birkenhead Sixth Form College has considered its responsibility to notify the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the funding agreement in place between the College and the Education and Skills Funding Agency. As part of our consideration we have had due regard to the requirements of the funding agreement.

We confirm, on behalf of the Trust Board of Wirral Academy Trust on behalf of Birkenhead Sixth Form College, 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 funding agreement.

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

Approved by order of the members of the Wirral Academy Trust Board on behalf of Birkenhead Sixth Form College on 12th December 2017 and signed on its behalf by:

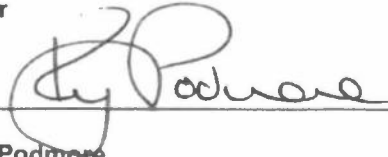
Signed:



Chair of the Trust Board:

Carl Beer

Signed:



Accounting Officer:

Kathryn Podmore

BIRKENHEAD SIXTH FORM COLLEGE

Statement of Responsibilities of the Members of the Corporation For the year ended 31st July 2017

The members of the Corporation (who act as trustees for the charitable activities of the College) are required to present audited financial statements for each financial year.

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

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

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

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the College, and enable it to ensure that the financial statements are prepared in accordance with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and other relevant accounting standards. It is responsible for taking steps in order to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

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

Members of the Corporation are responsible for ensuring that funds from the Education and Skills Funding Agency are used only in accordance with the authorities that govern them as defined by and in accordance with Further & Higher Education Act 1992, subsequent legislation and related regulations and the Financial Memorandum with the Education and Skills Funding Agency and any other conditions that may be prescribed from time to time.

Approved by order of the members of the Wirral Academy Trust Board on behalf of Birkenhead Sixth Form College on 12th December 2017 and signed on its behalf by:

Signed:



**Chair of the Trust Board in respect
of Birkenhead Sixth Form College: Carl Beer**

BIRKENHEAD SIXTH FORM COLLEGE

Independent Auditors' Report to the Trustees of Wirral Academy Trust in respect of Birkenhead Sixth Form College

Opinion

We have audited the financial statements of Birkenhead Sixth Form College (the "College") for the year ended 31 July 2017 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in reserves, 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 United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" as set out in our engagement letter dated 27 September 2017.

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2017 and of the College's deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the college in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 20 to the financial statements. As described in note 20, on 31 July 2017 the College dissolved and transferred its activities, assets and liabilities to the Wirral Academy Trust. For this reason, the financial statements have been drawn up on the basis other than that of going concern.

No material adjustments arose as a result of ceasing to apply the going concern basis.

Other information

The governors are responsible for the other information. The other information comprises the information included in the Strategic Report, Statement of Corporate Governance and Internal Control and the Governing Body's statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

BIRKENHEAD SIXTH FORM COLLEGE

Independent Auditors' Report to the Trustees of Wirral Academy Trust in respect of Birkenhead Sixth Form College (Continued)

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 2016 to 2017 issued by the Department for Education requires us to report to you if, in our opinion:

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

Responsibilities of the Corporation of Birkenhead Sixth Form College

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 15, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

This report is made solely to the Corporation, as a body, in accordance with the Financial Memorandum published by the Skills Funding Agency and our engagement letter dated 27 September 2017. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are required under our engagement letter dated 19 July 2017 to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

21/12/17

RSM UK Audit LLP
Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
PR2 5PE

Date

BIRKENHEAD SIXTH FORM COLLEGE

Statement of Comprehensive Income For the year ended 31st July 2017

| | Notes | 2017 | 2016 |
|--|-------|-----------------|----------------|
| | | Pre Transfer | |
| | | £000 | £000 |
| Income | | | |
| Funding body grants | 2 | 6,038 | 6,285 |
| Tuition fees and education contracts | 3 | 149 | 124 |
| Other grants and contracts | 4 | 239 | 218 |
| Other income | 5 | 408 | 428 |
| Investment income | 6 | 3 | 6 |
| Total income | | 6,837 | 7,061 |
| Expenditure | | | |
| Staff costs | 7 | 5,703 | 5,459 |
| Fundamental restructuring costs | 7 | 42 | - |
| Other operating expenses | 8 | 1,278 | 1,269 |
| Depreciation | 10 | 587 | 598 |
| Interest and other finance costs | 9 | 95 | 99 |
| Total expenditure | | 7,705 | 7,425 |
| Deficit before other gains and losses | | (868) | (364) |
| Loss on disposal of assets | 10 | - | - |
| Deficit for the year | | (868) | (364) |
| Unrealised surplus on revaluation of assets | | - | - |
| Remeasurement of net defined pension liability | 21 | 889 | (1,136) |
| Total comprehensive income for the year | | 21 | (1,500) |

BIRKENHEAD SIXTH FORM COLLEGE

Balance Sheet as at 31st July 2017

| | Notes | 2017 Pre Transfer £000 | 2016 £000 |
|---|-------|---------------------------------|--------------|
| Fixed assets | | | |
| Tangible fixed assets | 10 | 7,423 | 7,913 |
| Total fixed assets | | <u>7,423</u> | <u>7,913</u> |
| Current assets | | | |
| Debtors | 11 | 201 | 104 |
| Investments | 12 | 0 | 500 |
| Cash at bank and in hand | | 787 | 553 |
| Total current assets | | <u>988</u> | <u>1,157</u> |
| Less: Creditors – amounts falling due within one year | 13 | (1,153) | (872) |
| Net current assets | | <u>(165)</u> | <u>285</u> |
| Total assets less current liabilities | | <u>7,258</u> | <u>8,198</u> |
| Less: Creditors – amounts falling due after more than one year | 14 | (4,668) | (4,969) |
| Provisions | | | |
| Defined benefit pension schemes | 21 | (3,319) | (3,977) |
| Other provisions | 16 | (30) | (32) |
| Total net assets | | <u>(759)</u> | <u>(780)</u> |
| Unrestricted reserves | | | |
| Income and expenditure account | | (879) | (1,020) |
| Revaluation reserve | | 120 | 240 |
| Total unrestricted reserves | | <u>(759)</u> | <u>(780)</u> |

The financial statements on pages 18 to 38 were approved and authorised for issue by the Wirral Academy Trust Board on behalf of Birkenhead Sixth Form College on 12th December 2017 and were signed on its behalf on that date by:

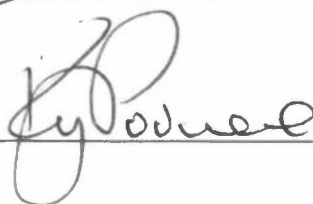
Signed:



Chair of the Trust Board:

Carl Beer

Signed:



Accounting Officer:

Kathryn Podmore

BIRKENHEAD SIXTH FORM COLLEGE

Statement of Change in Reserves For the year ended 31st July 2017

| | Income and Expenditure Account | Revaluation Reserve | Total |
|--|--------------------------------------|------------------------|----------------|
| | £000 | £000 | £000 |
| Balance at 31 July 2015 | 360 | 360 | 720 |
| Deficit for the year | (364) | - | (364) |
| Other comprehensive income | (1,136) | - | (1,136) |
| Transfers between revaluation and income and expenditure reserves | 120 | (120) | - |
| Total comprehensive income for the year | (1,380) | (120) | (1,500) |
| Balance at 31 July 2016 | (1,020) | 240 | (780) |
| Deficit for the year | (868) | - | (868) |
| Other comprehensive income | 889 | - | 889 |
| Transfers between revaluation and income and expenditure reserves | 120 | (120) | - |
| Total comprehensive income for the year | 141 | (120) | 21 |
| Balance at 31 July 2017 | (879) | 120 | (759) |

BIRKENHEAD SIXTH FORM COLLEGE

Statement of Cash Flows For the year ended 31st July 2017

| | 2017 | 2016 |
|--|-----------------|--------------|
| | Pre Transfer | |
| | £000 | £000 |
| Cash flow from operating activities | | |
| Surplus / (deficit) for the year | (868) | (364) |
| Adjustment for non cash items | | |
| Depreciation | 587 | 598 |
| (Increase) / decrease in debtors | (97) | 21 |
| Increase / (decrease) in creditors due within one year | 290 | 11 |
| Increase / (decrease) in creditors due after one year | (238) | (154) |
| Increase / (decrease) in provisions | (2) | 1 |
| Pension costs less contributions payable | 136 | 59 |
| Adjustments for investing or financing activities | | |
| Investment income | (3) | (6) |
| Interest payable | 95 | 99 |
| Loss on sale of fixed assets | - | 1 |
| Net cash flow from operating activities | <u>(100)</u> | <u>266</u> |
| Cash flows from investing activities | | |
| Proceeds from sale of fixed assets | - | - |
| Investment income | 3 | 6 |
| Withdrawal of deposits | 500 | - |
| New deposits | - | - |
| Payments made to acquire fixed assets | (98) | (160) |
| | <u>405</u> | <u>(154)</u> |
| Cash flows from financing activities | | |
| Interest paid | - | - |
| Repayments of amounts borrowed | (71) | (5) |
| | <u>(71)</u> | <u>(5)</u> |
| Increase in cash and cash equivalents in the year | <u>234</u> | <u>107</u> |
| Cash and cash equivalents at beginning of the year | 553 | 446 |
| Cash and cash equivalents at end of the year | 787 | 553 |
| Net Movement | 234 | 107 |

BIRKENHEAD SIXTH FORM COLLEGE

Notes to the Accounts For the year ended 31st July 2017

1. Accounting Policies

General information

Birkenhead Sixth Form College is a corporation established under the Further and Higher Education Act 1992 as an English general college of further education. The address of the College's principal place of business is given on page 10. The nature of the College's operations are set out in the Strategic Report.

The Corporation was dissolved on 31 July 2017. The formal transfer to a Wirral Academy Trust took place at 23.59 on 31 July 2017, however these accounts are drawn up to immediately prior to the transfer of assets and liabilities taking place, and dissolution of the College.

Basis of accounting

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP), the College Accounts Direction for 2016 to 2017 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102) under the historical cost convention. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

The financial statements are presented in sterling which is also the functional currency of the College.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Going Concern

The College is not a going concern as on 31st July 2017, the Corporation was dissolved and the College became an Academy under the Academies Act 2010. On 1st August 2017 all property, rights, assets and liabilities of Birkenhead Sixth Form College were transferred, at carrying value, to Wirral Academy Trust.

These financial statements have therefore been prepared on a basis other than going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

Recognition of Income

Grants: government and non-government

Revenue grant funding

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

Funding body recurrent grants are measured in line with best estimates for the year of what is receivable and depend on the particular income stream involved. Any under achievement of the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end.

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

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

BIRKENHEAD SIXTH FORM COLLEGE

Notes to the Accounts For the year ended 31st July 2017 (Continued)

Capital grant funding- government grants

Government capital grants for assets are accounted for under the accruals model. The grant income received or receivable will be recognised over the expected useful life of the asset, with any amount of the asset-related grant that is deferred being recognised as deferred income. The deferred income is allocated between creditors due within one year and those due after more than one year.

Other income

Income from the supply of services is recognised at fair value of the consideration received or receivable and represents the value of services to the extent there is a right to consideration. Income from tuition fees is recognised over the period for which it is received.

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

Retirement benefits

Retirement benefits to employees of the College are principally provided by Teachers' Pensions Scheme (TPS) and the Local Government Pension Scheme (LGPS), which are multi-employer defined benefit plans.

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 the Government Actuary on the basis of valuations using a projected unit method. The TPS is a multi-employer scheme but sufficient information is not available to use defined benefit accounting and therefore it is accounted for as a defined contribution scheme, with the amount charged to the statement of comprehensive income being the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The LGPS is a funded scheme, and the assets of the scheme are held separately. Pension schemes are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability/asset is charged to comprehensive income and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Short Term Employment Benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

Enhanced Pensions

The actual cost of any enhanced on-going pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the on-going 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.

BIRKENHEAD SIXTH FORM COLLEGE

Notes to the Accounts For the year ended 31st July 2017 (Continued)

Tangible Fixed Assets

Land and Buildings

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not appropriate. Land and buildings acquired since incorporation are included in the balance sheet at cost. Inherited freehold buildings are depreciated in the year following acquisition over 25 years whilst new buildings are depreciated over their expected useful economic life to the College of between 15 - 40 years in the year following acquisition. Freehold land is not depreciated.

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 income 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.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1994, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Subsequent Expenditure on Existing Fixed Assets

Where significant expenditure is incurred on tangible fixed assets it is charged to the income 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 recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost less accumulated depreciation and accumulated impairment losses.

Equipment is depreciated in the year following acquisition on a straight line basis over its remaining useful economic life to the College of 5 years for IT equipment and 10 years for other equipment.

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 income 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.

Impairments of Fixed Assets

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

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

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

Borrowing Costs

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

BIRKENHEAD SIXTH FORM COLLEGE

Notes to the Accounts For the year ended 31st July 2017 (Continued)

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.

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

Financial Instruments

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

Financial assets and liabilities

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

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

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

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

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Provisions 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

BIRKENHEAD SIXTH FORM COLLEGE

Notes to the Accounts For the year ended 31st July 2017 (Continued)

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.

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.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Critical accounting estimates and assumptions

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 21, 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 31st March 2016 has been used by the actuary in valuing the pensions liability at 31st July 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Impairment of fixed assets

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

BIRKENHEAD SIXTH FORM COLLEGE

Notes to the Accounts For the year ended 31st July 2017 (Continued)

| | 2017 | 2016 |
|--|--------------|--------------|
| | £000 | £000 |
| 2. Funding Body Grants | | |
| Recurrent grants | | |
| Education and Skills Funding Agency - Adult | 134 | 172 |
| Education and Skills Funding Agency - 16-18 | 5,693 | 5,917 |
| Specific grants | | |
| Releases of government capital grants | 211 | 196 |
| Total | <u>6,038</u> | <u>6,285</u> |
| 3. Tuition Fees and Education Contracts | | |
| | 2017 | 2016 |
| | £000 | £000 |
| Adult education fees | 32 | 40 |
| Fees for FE loan supported courses | 117 | 79 |
| International students fees | - | 5 |
| Total tuition fees | <u>149</u> | <u>124</u> |
| Education contracts | - | - |
| Total | <u>149</u> | <u>124</u> |
| 4. Other Grants and Contracts | | |
| | 2017 | 2016 |
| | £000 | £000 |
| Other grants and contracts | 239 | 218 |
| Total | <u>239</u> | <u>218</u> |
| 5. Other Income | | |
| | 2017 | 2016 |
| | £000 | £000 |
| Catering | 103 | 106 |
| Other income generating activities | 261 | 236 |
| Non government capital grants | 32 | 31 |
| Miscellaneous income | 12 | 55 |
| Total | <u>408</u> | <u>428</u> |

BIRKENHEAD SIXTH FORM COLLEGE

Notes to the Accounts For the year ended 31st July 2017 (Continued)

6. Investment Income

| | 2017 £000 | 2016 £000 |
|---------------------|-----------------|-----------------|
| Interest receivable | 3 | 6 |
| Total | <u>3</u> | <u>6</u> |

7. Staff Costs and Key Management Personnel Remuneration

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

| | 2017 FTEs | 2016 FTEs |
|---|---------------------|---------------------|
| Teaching staff | 72 | 67 |
| Non teaching staff | 71 | 74 |
| | <u>143</u> | <u>141</u> |
| Staff costs for the above persons: | 2017 | 2016 |
| | £000 | £000 |
| Wages and salaries | 4,381 | 4,338 |
| Social security costs | 415 | 334 |
| Other pension costs | 886 | 781 |
| Payroll sub total | <u>5,682</u> | <u>5,453</u> |
| Contracted out staffing services | 21 | 6 |
| | <u>5,703</u> | <u>5,459</u> |
| Fundamental restructuring costs | | |
| - Contractual | 14 | - |
| - Non contractual | 28 | - |
| Total staff costs | <u>5,745</u> | <u>5,459</u> |

All severance payments were approved by the College's Remuneration Committee.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College senior management team which comprises the Principal, Deputy Principal and Assistant Principals. 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

| | Key management personnel | |
|--|--------------------------|----------|
| | 2017 | 2016 |
| The number of key management personnel including the Accounting Officer was: | <u>6</u> | <u>5</u> |

BIRKENHEAD SIXTH FORM COLLEGE

Notes to the Accounts For the year ended 31st July 2017 (Continued)

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

| | Key management personnel | |
|--------------------------|--------------------------|------|
| | 2017 | 2016 |
| £0 - £10,000 p.a. | 1 | - |
| £10,001 - £20,000 p.a. | 1 | - |
| £40,001 - £50,000 p.a. | 1 | - |
| £50,001 - £60,000 p.a. | 1 | - |
| £60,001 - £70,000 p.a. | - | 1 |
| £70,001 - £80,000 p.a. | - | 2 |
| £80,001 - £90,000 p.a. | 1 | - |
| £90,001 - £100,000 p.a. | - | 1 |
| £100,001 - £110,000 p.a. | 1 | - |
| £120,001 - £130,000 p.a. | - | 1 |
| | 6 | 5 |

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

| | 2017 £000 | 2016 £000 |
|--|--------------|--------------|
| Salaries - gross of salary sacrifice and waived emoluments | 319 | 329 |
| Employer's National Insurance Contributions | 39 | 37 |
| | 358 | 366 |
| Pension contributions | 49 | 53 |
| Total key management personnel compensation | 407 | 419 |

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

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid of key management personnel) of:

| | 2017 £000 | 2016 £000 |
|---|--------------|--------------|
| Salaries | 110 | 112 |
| Employer's National Insurance Contributions | 14 | 14 |
| | 124 | 126 |
| Pension contributions | 18 | 18 |

Governors' Remuneration

The Accounting Officer and the staff members only receive remuneration in respect of services they provide undertaking their roles of Principal and staff members under contracts of employment and not in respect of their roles as governors. The other members of the Corporation did not receive any payments from the College in respect of their roles as governors.

BIRKENHEAD SIXTH FORM COLLEGE

Notes to the Accounts For the year ended 31st July 2017 (Continued)

8. Other Operating Expenses

| | 2017 £000 | 2016 £000 |
|--------------------|---------------------|---------------------|
| Teaching costs | 94 | 104 |
| Non teaching costs | 743 | 706 |
| Premises costs | 441 | 459 |
| Total | <u>1,278</u> | <u>1,269</u> |

Other operating expenses include:

| | | |
|---|----|----|
| Auditors' remuneration | | |
| Financial statements audit | 10 | 10 |
| Other services provided by the financial statements auditor | 6 | - |
| Internal audit | 6 | 6 |
| Losses on disposal of tangible fixed assets | - | 1 |
| Hire of assets under operating leases | 19 | 27 |

9. Interest and Other Finance Costs

| | 2017 £000 | 2016 £000 |
|---|------------------|------------------|
| On bank loans, overdrafts and other loans | - | - |
| Net interest on defined pension liability (note 21) | 95 | 99 |
| Total | <u>95</u> | <u>99</u> |

10. Tangible Fixed Assets

| | Land and buildings £000 | Equipment £000 | Total £000 |
|-------------------------------------|-------------------------------|---------------------|----------------------|
| Cost | | | |
| At 1st August 2016 | 11,957 | 1,884 | 13,841 |
| Additions | - | 98 | 98 |
| Disposals | - | (28) | (28) |
| At 31st July 2017 | <u>11,957</u> | <u>1,954</u> | <u>13,911</u> |
| Depreciation | | | |
| At 1st August 2016 | 4,727 | 1,201 | 5,928 |
| Charge for the year | 405 | 182 | 587 |
| Elimination in respect of disposals | - | (27) | (27) |
| At 31st July 2017 | <u>5,132</u> | <u>1,356</u> | <u>6,488</u> |
| Net book value | | | |
| At 31st July 2017 | <u>6,825</u> | <u>598</u> | <u>7,423</u> |
| At 31st July 2016 | 7,230 | 683 | 7,913 |

BIRKENHEAD SIXTH FORM COLLEGE

Notes to the Accounts For the year ended 31st July 2017 (Continued)

Land and buildings were valued in 1994 at depreciated replacement cost by the Department of Property Services of the Metropolitan Borough of Wirral. Other tangible fixed assets inherited from the Local Education Authority at incorporation have been valued by the College on a depreciated replacement cost basis with the assistance of independent professional advice.

11. Debtors

| | 2017 £000 | 2016 £000 |
|---|-------------------|-------------------|
| Amounts falling due within one year: | | |
| Trade debtors | 6 | 14 |
| Prepayments and accrued income | 195 | 90 |
| Total | <u>201</u> | <u>104</u> |

Prepayments and accrued income includes an amount of £61,000 in relation to deficit payments made in advance to the Merseyside Pension Fund.

12. Current Investments

| | 2017 £000 | 2016 £000 |
|---------------------|-----------------|-------------------|
| Short term deposits | - | 500 |
| Total | <u>-</u> | <u>500</u> |

13. Creditors: amounts falling due within one year

| | 2017 £000 | 2016 £000 |
|---|---------------------|-------------------|
| Amounts falling due within one year: | | |
| Bank loans | - | 8 |
| Trade creditors | 102 | 108 |
| Other taxation and social security | 189 | 189 |
| Accruals and deferred income | 435 | 331 |
| Deferred income - government capital grants | 232 | 236 |
| Deferred income - government revenue grants | 141 | - |
| Amounts owed to the Education and Skills Funding Agency | 54 | - |
| Total | <u>1,153</u> | <u>872</u> |

14. Creditors: amounts falling due after one year

| | 2017 £000 | 2016 £000 |
|--|---------------------|---------------------|
| Amounts falling due after more than one year: | | |
| Bank loans | - | 63 |
| Deferred income - government capital grants | 4,668 | 4,906 |
| Total | <u>4,668</u> | <u>4,969</u> |

BIRKENHEAD SIXTH FORM COLLEGE

Notes to the Accounts For the year ended 31st July 2017 (Continued)

15. Bank Loans and Overdrafts

| | 2017 £000 | 2016 £000 |
|--------------------------------------|--------------|--------------|
| Bank loans are repayable as follows: | | |
| In one year or less | - | 8 |
| Between one and two years | - | 7 |
| Between two and five years | - | 20 |
| In five years or more | - | 36 |
| Total | <u>-</u> | <u>71</u> |

The variable bank loan, originally repayable by instalments falling due between 1st August 2016 and 31st July 2027, was fully repaid on 31st July 2017 due to restrictions on borrowings upon conversion of the Corporation to an Academy on 1st August 2017.

16. Provisions

| | 2017 Total £000 | 2016 Total £000 |
|---------------------------|-----------------------|-----------------------|
| Enhanced pensions | | |
| At 1st August | 32 | 31 |
| Expenditure in the period | - | 3 |
| Additions in the period | (2) | (2) |
| At 31st July | <u>30</u> | <u>32</u> |

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

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

The principal assumptions for this calculation are:

| | 2017 | 2016 |
|----------------|------|------|
| Interest rate | 2.3% | 2.3% |
| Inflation rate | 1.3% | 1.3% |

BIRKENHEAD SIXTH FORM COLLEGE

Notes to the Accounts For the year ended 31st July 2017 (Continued)

17. Financial Instruments

The College has the following financial instruments:

| | 2017 £000 | 2016 £000 |
|--|--------------|--------------|
| Financial assets | | |
| Financial assets measured at fair value through profit and loss | - | - |
| Debt instruments measured at amortised cost | 6 | 14 |
| Total | <u>6</u> | <u>14</u> |
| Financial liabilities | | |
| Financial liabilities measured at fair value through profit and loss | - | - |
| Financial liabilities measured at amortised cost | 388 | 352 |
| Total | <u>388</u> | <u>352</u> |

18. Capital and Other Commitments

| | 2017 £000 | 2016 £000 |
|---|--------------|--------------|
| Contracts for future capital expenditure not provided | - | 3 |
| | <u>-</u> | <u>3</u> |

19. Commitments Under Operating Leases

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

| | 2017 £000 | 2016 £000 |
|---|--------------|--------------|
| Payments due | | |
| Not later than one year | 13 | 19 |
| Later than one year and not later than five years | - | 13 |
| Later than five years | - | - |
| | <u>13</u> | <u>32</u> |

20. Events After the Reporting Period

The Corporation of Birkenhead Sixth Form College converted to become an Academy under the Academies Act 2010. The Corporation was formally dissolved on 31st July 2017 and on 1st August 2017 all property, rights, assets and liabilities of Birkenhead Sixth Form College were transferred, at carrying value, to Wirral Academy Trust.

There are no other significant events after the reporting period.

BIRKENHEAD SIXTH FORM COLLEGE

Notes to the Accounts For the year ended 31st July 2017 (Continued)

21. Defined Benefit Obligations

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

| Total pension cost for the year | 2017 | | 2016 | |
|--|------------|-------------------|-----------|-------------------|
| | £000 | £000 | £000 | £000 |
| Teachers Pension Scheme: contributions paid | | 436 | | 419 |
| Local Government Pension Scheme: | | | | |
| Contributions paid | 314 | | 303 | |
| FRS 102 (28) charge | <u>136</u> | | <u>59</u> | |
| Charge to the Statement of Comprehensive Income | | 450 | | 362 |
| Enhanced pension charge to Statement of Comprehensive Income | - | | - | |
| Total pension cost for year within staff costs | | <u>886</u> | | <u>781</u> |

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

Contributions amounting to £82,000 (2016: £88,000) were payable to the schemes at 31st July and are included within creditors.

Teachers' Pension Scheme

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

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is 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.

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

BIRKENHEAD SIXTH FORM COLLEGE

Notes to the Accounts For the year ended 31st July 2017 (Continued)

Valuation of the Teachers' Pension Scheme

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

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

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 from 1 April 2019.

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

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

Scheme Changes

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

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

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

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

The pension costs paid to TPS in the year amounted to £435,558 (2016: £418,705)

FRS 102 (28)

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

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

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Merseyside Pension Fund. The total contribution made for the year ended 31st July 2017 was £409,044 (2016: £395,750) of which employer's contributions totalled £314,363 (2016: £302,984) and employee's contributions totalled £94,682 (2016: £92,766).

BIRKENHEAD SIXTH FORM COLLEGE

Notes to the Accounts

For the year ended 31st July 2017 (Continued)

The agreed contribution rates for 2016/17 are 14.7% plus additional contributions of £90,200 (2016: 87,267) for employers (which has been agreed with the plan to fund the deficit) and range from 5.5% to 12.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31st March 2013 updated to 31st July 2017 by a qualified independent actuary

| | 2017 | 2016 |
|--|------|------|
| Rate of increase in salaries | 3.7% | 3.2% |
| Rate of increase for pensions in payment/deferment | 2.2% | 1.8% |
| Discount rate for scheme liabilities | 2.6% | 2.5% |
| Inflation assumption (CPI) | 2.2% | 1.7% |
| Commutation of pensions to lump sums | 50% | 50% |

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

| | 2017 Years | 2016 Years |
|----------------------|---------------|---------------|
| Retiring today | | |
| Males | 21.6 | 22.5 |
| Females | 24.7 | 25.4 |
| Retiring in 20 years | | |
| Males | 24.2 | 24.9 |
| Females | 27.7 | 28.2 |

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

| | Fair value at 31st July 2017 £000 | | Fair value at 31st July 2016 £000 |
|--|---|------------|---|
| Equity instruments | 3,215 | | 2,985 |
| Debt instruments | 952 | | 932 |
| Property | 491 | | 466 |
| Cash | 295 | | 210 |
| Other | 1,184 | | 1,091 |
| Total fair value of plan assets | 6,137 | | 5,684 |
| Actual return on plan assets | 10.0% | 614 | 10.8% |
| | | 613 | |

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

| | 2017 £000 | 2016 £000 |
|--|----------------|----------------|
| Fair value of plan assets | 6,137 | 5,684 |
| Present value of plan liabilities | (9,456) | (9,661) |
| Present value of unfunded liabilities | 0 | 0 |
| Net pension asset / (liability) | (3,319) | (3,977) |

BIRKENHEAD SIXTH FORM COLLEGE

Notes to the Accounts For the year ended 31st July 2017 (Continued)

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

| | 2017 £000 | 2016 £000 |
|---|--------------|--------------|
| Amounts included in staff costs | | |
| Current service cost | 128 | 52 |
| Past service cost | 0 | 0 |
| Admin expenses | 8 | 7 |
| Total | <u>136</u> | <u>59</u> |
| Amounts included in investment income | | |
| Net interest income | 95 | 97 |
| Total | <u>95</u> | <u>97</u> |
| Amounts included in other comprehensive income | | |
| Remeasurements (assets) | (69) | (424) |
| Experience gains arising on defined benefit obligations | (1,108) | 0 |
| Changes in assumptions underlying the present value of plan liabilities | 288 | 1,560 |
| Amount recognised in other comprehensive income | <u>(889)</u> | <u>1,136</u> |

Asset and Liability Reconciliation

| | 2017 £000 | 2016 £000 |
|--|---------------------|---------------------|
| Changes in the present value of defined benefit obligations | | |
| Defined benefit obligations at the start of the period | 9,661 | 7,527 |
| Current service cost | 446 | 352 |
| Interest cost | 240 | 285 |
| Contributions by Scheme participants | 95 | 92 |
| Experience gains and losses on defined benefit obligations | (1,108) | 0 |
| Changes in financial assumptions | 288 | 1,560 |
| Estimated benefits paid | (166) | (155) |
| Past service cost | 0 | 0 |
| Curtailments and settlements | 0 | 0 |
| Defined benefit obligations at the end of the period | <u>9,456</u> | <u>9,661</u> |
| Changes in fair value of plan assets | | |
| Fair value of plan assets at start of period | 5,684 | 4,842 |
| Interest on plan assets | 145 | 188 |
| Remeasurements (assets) | 69 | 424 |
| Administration expenses | (8) | (7) |
| Employer contributions | 318 | 300 |
| Contributions by Scheme participants | 95 | 92 |
| Benefits paid | (166) | (155) |
| Fair value of plan assets at end of period | <u>6,137</u> | <u>5,684</u> |

BIRKENHEAD SIXTH FORM COLLEGE

Notes to the Accounts For the year ended 31st July 2017 (Continued)

22. Related Party Transactions

Owing to the nature of the College's operations and the composition of the Corporation 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 organisations in which a member of the board of governors may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. No such transactions were identified.

The total expenses paid to or on behalf of the Governors during the year was £160, 2 governors (2016: £137; 1 governor). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College during the year (2016: nil).

Wirral Academy Trust

The College sponsors Wirral Academy Trust and in doing so provides management and other support services at no more than cost to the Trust. A management fee totalling £238,846 (2016: £176,614) was payable to the College, amounts outstanding at the year-end were £2,178 (2016: £nil). Purchases were made during the year amounting to £299 (2016: £nil) with amounts outstanding at the year end of £299 (2016: £nil).

23. Amounts Disbursed as Agent

| | 2017 £000 | 2016 £000 |
|---|-----------------|-----------------|
| Funding body grants - bursary support | 11 | 11 |
| Funding body grants - discretionary learner support | 137 | 196 |
| Other funding body grants | 110 | 124 |
| | <hr/> 258 | <hr/> 331 |
| Disbursed to students | (205) | (264) |
| Administration costs | (7) | (10) |
| Amounts consolidated in financial statements | (7) | (31) |
| Balance unspent as at 31st July, included in creditors | <hr/> 39 | <hr/> 26 |

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income. The income consolidated in the College's financial statements relates to the purchase of some equipment from the access fund for use by students.

BIRKENHEAD SIXTH FORM COLLEGE

Independent Reporting Accountant's Report On Regularity to the Corporation of Birkenhead Sixth Form College and the Secretary Of State For Education acting Through The Department For Education

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 27 September 2017 and further to the requirements of the financial memorandum with Skills Funding Agency, to obtain limited assurance about whether the expenditure disbursed and income received by Birkenhead Sixth Form College during the period 1 August 2016 to 31 July 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2016 to 31 July 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Post-16 Audit Code of Practice 2016 to 2017 issued by the Department for Education. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which Education and Skills Funding Agency has other assurance arrangements in place.

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

Responsibilities of Corporation of Birkenhead Sixth Form College for regularity

The Corporation of Birkenhead Sixth Form College is responsible, under the SFA financial memorandum and the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The corporation of Birkenhead Sixth Form College is also responsible for preparing the Governing body's Statement of Regularity, Propriety and Compliance.

Reporting accountant's responsibilities for reporting on regularity

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Post-16 Audit Code of Practice 2016 to 2017.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2016 to 31 July 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the financial memorandum with Skills Funding Agency and high level financial control areas where we identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

BIRKENHEAD SIXTH FORM COLLEGE

Independent Reporting Accountant's Report On Regularity (Continued)

This work was integrated with our audit of the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

This report is made solely to the corporation of Birkenhead Sixth Form College and the Secretary of State for Education acting through the Department for Education in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of Birkenhead Sixth Form College and the Secretary of State for Education acting through the Department for Education those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the corporation of Birkenhead Sixth Form College and the Secretary of State for Education acting through the Department for Education for our work, for this report, or for the conclusion we have formed.

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20/12/17

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Date

