

RICHARD TAUNTON

SIXTH FORM COLLEGE



**Report and Financial Statements
for the 15 months ended 31 October 2017**

Key Management Personnel, Board of Governors and Professional advisors

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

Alice Wrighton, Principal and Accounting Officer
Liz Lee, Deputy Principal
David Jenkinson, Finance Director (left 31.10.17)
Donna-Marie Janson, Assistant Principal Curriculum

Board of Governors

A full list of Governors is given on pages 15 and 16 of these financial statements

Mrs C Jones acted as Clerk to the Corporation throughout the period.

PROFESSIONAL ADVISERS:

Financial Statement & Regularity Auditors:

RSM UK Audit LLP
Highfield Court
Tollgate
Chandlers Ford
Eastleigh
Hampshire
SO53 3TY

Southern Internal Audit Partnership:

Hampshire Audit Services
The Castle, Winchester
Hampshire
SO23 8UB

Bankers:

Barclays Bank plc
PO Box 858
Wytham Court
11 West Way
Botley
OX2 0JB

Solicitors:

Paris Smith
1 London Road
Southampton
SO15 2AE

Personnel Consultants:

Paris Smith
1 London Road
Southampton
SO15 2AE

Architects:

ECE Architecture Limited
Amelia House, Crescent Road
Worthing
West Sussex
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Strategic Report

NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements for the period ended 31 October 2017.

Legal status

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

In June 2012 the Secretary of State for Education granted consent for the College to be renamed as Richard Taunton Sixth Form College.

The College dissolved as a legal entity on 1st November 2017 and on this day transferred all assets and liabilities to Lighthouse Learning Trust.

Strategic vision, mission & values

Our strategic vision is to be the sixth form college of choice for all in our community: an outstanding, high achieving college, which inspires and challenges young people to become the best they can be. Each year, Governors confirm the College's strategic vision and the mission and values which underpin the vision. Governors regularly review evidence to drive the vision forward and to ensure the College is making good progress in line with its mission and values. Should performance indicators suggest otherwise, the Governors will monitor actions to be taken.

Our Mission

Governors reviewed the College's mission during 2014/15 and adopted a revised mission statement as follows:

To achieve our vision, we will:

- Set high expectations and high standards in all our work;
- Develop our staff: they are the key to our success;
- Have excellent teaching, learning and individual support;
- Have a broad, challenging curriculum for all which supports successful progression to Advanced Level and beyond;
- Provide outstanding personal development opportunities for the able and talented through our College Academies;
- Nurture independence, resilience and joy for learning in all our students so that they have the very best chance of success in adult life;
- Invest wisely to provide first class facilities: a safe, exciting, challenging and sustainable environment;
- Support and respect all we work with and maintain close partnerships with families, schools, universities, employers and others in our community.

What We Value:

Integrity

We have a strong common purpose and operate in a culture of mutual respect, honesty and trust where all feel safe and valued.

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Hard Work

Success is achieved through commitment and dedication.

Ambition

We are massively ambitious for our students, our community and ourselves. We do not collude with low expectations: we pursue the highest standards and the most ambitious progression routes for all.

Equality

We benefit from being a diverse community: we celebrate this and champion inclusion in all we do.

Unconditional Support

We have high expectations and clear boundaries: we will go the extra mile to ensure that our students are known, understood, supported and challenged as individuals to meet those high expectations, and succeed.

Listening

We welcome challenge, and we listen to the opinion of students, staff and other stakeholders to inform all aspects of our community.

Resilience

'Never, never, never give up!' Confidence, independence and resilience are key to employability.

Public Benefit

Richard Taunton Sixth Form College is an exempt charity under Part 3 of the Charities Act 2011 and regulated by the Secretary of State for Education. As an exempt charity for the purposes of the Charities Act 2011 it is not liable to corporation tax.

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. The members of the governing body are disclosed on page 15.

In setting and reviewing the College's strategic objectives, and in delivering its mission, the college provides the following identifiable public benefits through the advancement of education:

- provision of high quality teaching
- widening participation and tackling social exclusion
- developing key employment skills with programmes of study supporting attainment, retention and inclusivity
- linking with other educational bodies, employers, industry and commerce

Implementation of the strategic plan

In July 2012 the Corporation adopted a strategic plan for the period 1 August 2012 to 31 July 2017. The strategic plan includes property and financial plans. The Corporation monitors the performance of the College against these plans. The plans are reviewed and updated each year. The College's continuing strategic performance objectives are presented in *table 1* below:

Table 1: Strategic Performance Objectives	
❖	Achieve a 16-18 + year old student body FTE of 1,250 by 2016/17
❖	Thereafter for learner growth above the base of 1,250 16-18+year old to be no more than 5% p.a.

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❖	Manage staff costs as percentage of income earned in each year to be 70% or lower.
❖	Manage cash as at 31 July each year to be at least 200% of the total annual loan servicing costs plus anticipated capital spend* for the following 12 months. (*other than 100% grant supported expenditure)
❖	Deliver an adjusted operating surplus to be greater than 20% of borrowings at the end of each year. (i.e. before depreciation, interest charges and FRS102 S.28 adjustments)

The College has made good progress towards achieving these targets.

- * The College achieved a 16-18 FTE of 1,219 in 2016/17.
- * Staff costs for 2016/17 were above target ending the year at 75.6% and this is expected to be broadly similar across the life of the Financial Plan to 2018.
- * Balance Sheet cash was 330% of capex and servicing costs at 31st October 2017.
- * The adjusted operating surplus represents 137% of the total loans outstanding at 31st October and the College comfortably met its loan covenants.

The College's performance objectives for 2016/17 and achievement of the strategic performance objectives are addressed below:

1. The College enrolled 1,219 students in 2016/17, against an allocation of 1,247.
2. The ratio of staff costs remained challenging, with growth in student numbers driving some necessary increases in staffing. Further increases of employer NI rates, and pension contribution rate increases for both TPS and LGPS strained the staffing budget, which represented nearly 75.6% of total College income.
3. Cash balances remained significantly positive throughout the year and ended the period £127k ahead of the 31st July 2016.
4. The adjusted operating surplus of £444k exceeded target.

Throughout 2016/17, performance against the strategic plan was defined by the College aim to serve the needs of the community within Southampton City and its surrounding area through the provision of high quality academic opportunities at Levels 1 to 3. The majority of students are young people up to the age of 19 who are on full time, daytime courses, but the College also serves the needs of more mature students seeking opportunities to achieve GCSE qualifications in English and Maths in order to improve their employment opportunities, or seeking new routes into higher education.

A key element in the strategic vision is the focus on Sixth Form Academy provision which offers additional support and opportunity to students with above average GCSE profiles. Approximately 20% of students sit within this growing area of provision. It has provided the opportunity to develop closer links with local universities and businesses.

- 1,219 16-18 and 19+ continuing ESFA funded learners (1,250 in 2015/16)
- A level pass rate over 96% A* to E; 56% A*- C; 34% A*-B
- Over two-thirds of A2 courses have 100% pass rate
- 98% pass rate on level 3 vocational courses

Financial objectives

The College's financial objectives and outcomes are presented in *table 2* as follows:

Table 2: Financial objectives	
Financial Objective	Outcome
Pay costs as a percentage of income to be 70% or less by 2017/18	Actual pay costs as a percentage of income earned (excluding deferred grants) at 75.6% (July 2016 72.3%)
To generate an operating surplus before depreciation, interest and FRS 102 adjustments of at least 3% of gross income (excluding deferred grant release).	The operating surplus before depreciation, interest and FRS 102 adjustments was £444k (5.6% of income excluding deferred grant release. Objective achieved.
The period end cash position should support a current ratio of at least 1.5, with cash days in excess of 30 days	The current ratio at 31 st October was 0.75. The cash days objective was achieved. Cash days at 31st October were 42

All the above strategic priorities will largely continue in the multi-academy trust.

FINANCIAL POSITION

Financial results

The College generated an operating deficit in the 15-month period of £286k after accounting for FRS 102 charges for pension liabilities and the holiday pay accrual, matched against a budgeted deficit of £109k (£169k deficit in 2015/16).

The College has accumulated reserves of £1,948k (2015/16 £1,574k) and cash and deposit balances of £901k (2015/16 £774k). In 2016/17, the balance sheet pension liability decreased by £470k due to growth in the pension fund asset values driven by improved performance of the stock market during the period.

Net tangible fixed asset additions during the year amounted to £365k. This included investment in new IT servers and essential improvements to classrooms.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2016/17, funding bodies provided 94% of the College's total Income (2015/16 93%), which is received from the ESFA. The College continued to generate significant additional revenue from estate lettings in excess of £200k, which was an increase of £30k in 2016/17.

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 treasury management policy in place.

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

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Cash flows and liquidity

There was a net cash inflow of £127k (2015/16 £171k), with capital expenditure tightly controlled within the agreed budget.

College total debt at the 31st October 2017 was low at £258k.

A term loan from Barclays was taken out in 2012, repayable over 15 years, was approved by the Board on 8 December 2011 and drawn down in February 2012. As part of the agreement with the ESFA Transaction Unit (TU) for the conversion to a multi-academy trust on 1st November 2017, the TU repaid the Barclays loan in full on 25th October 2017, at which date a new loan of £258k (Barclays loan redemption value) was put in place with the TU. This loan will be repaid by the Lighthouse Learning Trust in 5 equal annual instalments commencing in December 2019 and concluding in December 2023.

The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cash flow. During the year a small cushion was maintained and the College did not draw down against the overdraft agreement which is in place.

Post balance sheet events.

On 1st November 2017 the College formally dissolved as a legal entity through conversion to a multi-academy trust called Lighthouse Learning Trust. As of 1st November 2017 all assets and liabilities of St Vincent College transfer across to Lighthouse Learning Trust.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

Recruitment for 2016/17 decreased marginally, with 1,219 ESFA-funded learners enrolled, which was a reflection of the current demographic dip. In 2 years' time the demographic forecasts for Southampton are very optimistic with a large increase projected.

Student achievements and academic success

Extra-curricular and enrichment activities are enjoyed by an increasing number of students who see success, sometimes for the first time, by taking part. From gaining places at the UK Residential for Women at Cambridge University to winning the Wessex Enterprising Student Award, our students are demonstrating excellence in their aspirations, ability, work ethic and determination to succeed.

This year our sports students have achieved a wide range of sporting awards including the regional and zonal novice trampolining competition; intermediate girls regional trampolining competition; gold medal at the AOC Cross Country Championships plus. Additionally our rugby provision gained RFU partnership status, in volleyball we continue to offer the satellite club in conjunction with Southampton Volleyball Club; similarly we offer a boxing satellite club in conjunction with Pound 4 Pound Boxing Club and we are feted as a beacon of good practice by England Boxing. As part of their BTEC Coaching course our students host sports days for local primary schools and successfully support secondary schools in organising their events.

Performing arts students continue to produce excellence in winning the Rock Challenge Southern Open Final with a troupe of over 70 dancers and stage crew presenting 'Forbidden Hope' based upon the Tiananmen Square massacre of 1989. This was the fifth consecutive year that our dance team have qualified for the southern finals and moves us into the premier division of Rock Challenge for 2018. Each year we are delighted to support students progression into specialist drama schools and conservatoires and it is always pleasing to watch their development as they move into their chosen fields as composers, singers and actors.

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Academically, our overall success rate improved by 1% upon 2016/17. A level success rates are high and performance on vocational courses is very good, a result of a greater focus on retention and achieving target grades in BTEC/CTEC courses and is now above national benchmark. AS to A level progression is excellent. The number of students progressing to the next year of study increased in general and the number of early leavers is reducing, particularly at level 2. GCSE Maths and English success rates are above national benchmarks and enable more of our students to progress to level 3 study.

We continue to be very successful with the progression to HE for our students, with approximately 60% of our level 3 qualified students opting to attend university when they leave us; many choosing to attend our local Russell Group University (University of Southampton).

Curriculum developments

The college's mission, strategic themes and curriculum strategy provides a framework by which to design and develop the college's curriculum. We develop the 16-18 curriculum to support strong progression, improved retention and student satisfaction, and to respond to the general education needs of all students, including 19-25 year olds. Study programmes via 'pathways' have been devised to improve the coherence of student's programme and underline our commitment to ensuring students receive excellent information, advice and guidance (IAG) from the initial pre-enrolment interview to enrolment and throughout their time with us. All level 1 and 2 programmes have a clear pathway for progression to level 3 study taking into account students' interests, eventual career aim and ability. Alongside academic study are tutor periods (Prep) and timetabled sessions to encourage independent study, plus a range of over 50 enrichment activities and clubs ranging from sports teams and musical ensembles to counselling skills, robotics and social entrepreneurship. Work-related learning is delivered through a comprehensive series of careers talks plus whole-college careers days, bespoke level 2 Enterprise days and 'Industry week' where an increasing number of employers are invited in to college to work with students. Our links with local and national employers are increasing year on year offering ever greater opportunities for our students to learn about the world of work.

Future Developments

The College ceased to exist as an independent legal entity from 1st November 2017.

Resources

The College has a strong highly qualified staff body (teaching and non-teaching staff). The College has a good reputation locally and maintaining a quality brand is essential for attracting students and building on local external relationships.

Supporting staff and students within a challenging curriculum

The Governors' Students, Standards & Quality Improvement Committee (SSQI) is established to advise on all matters relating student achievement. The work of the committee includes thorough analysis of the annual Self-Assessment Review (SAR) which informs the identification of underperforming courses and where staff teaching these courses are required to attend '*Raising Standards Meetings*' to analyse where support may be required and to monitor progress against early targets. Progress in improving these courses is reported to SSQI at each subsequent meeting.

The continued focus on attainment is supported through membership of the Pixl6 Group and we have introduced a range of techniques and strategies all aimed at raising standards and achievement by ensuring all students are carefully and appropriately assessed enabling appropriate intervention strategies to be put in place prior to testing and retesting to check real learning has taken place. Fine

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grading of all assessments helps students identify progress made more accurately and the use of techniques such as 'walking talking mocks' instils confidence with examinations across all subjects.

We strongly believe that increasing opportunities for students' independent study, greater emphasis on out of class work and a focus upon the requirements for achieving high grades will set the standard for students working harder to improve their chances of success. In 2016/17 'Supported Study Sessions' were added to the timetables of every student.

Local collaborative working

Relationships with external education partners are strong and have resulted in excellent developmental opportunities for our staff and those of our partners. For example, as the preferred partner of the University of Southampton (UoS) for delivery of Initial Teacher Education we contribute to the training of PGCE students, which benefits both institutions. Our Sixth Form Academy is supported by the UoS who run lectures and workshops for our students; especially in science subjects enabling more of these students to achieve highly and access selective university courses. Students from disadvantaged backgrounds have been continued to be supported to apply to HE through the UoS's *IntoUniversity* scheme; the vast majority of whom progressed to HE. Similarly, Solent University contributed to the delivery of the BTEC Extended Diploma in Business in 2016/17 and students had the benefit of working with business undergraduates and lecturing staff to support their studies. External partnerships with local businesses continue to thrive and we have strengthened our links with employers such as Mayflower, Action Hampshire, University Hospital Southampton, and Carnival as well maintaining membership of Hampshire Chamber of Commerce; these links have enabled us to extend work related learning opportunities to a wider group of students.

Training New Teachers

We continue to play a leading role in supporting teacher training in the area. This work is well established, with PGCE students from our local universities, especially the University of Southampton (UoS), for whom we are the preferred partner, regularly taking up teaching practice placements here. Several of our staff members provide direct input to the delivery of the PGCE course as well as helping to select suitable candidates through interviews, and placing candidates here in suitable subject areas.

The College is also fully involved as a post-16 partner in the work of the Portswood Teaching School Alliance (PTSA). We are part of the Secondary Group within the Alliance, and are providing post-16 experience for Schools Direct trainees. In addition, we are working with three 11-16 schools in the City who are employing Teach First trainees with a view to providing post 16 A level and BTEC experience for those trainees.

Supporting Educational Development and Improvement in Southampton

Membership of the Southampton Education Forum (SEF) has been effective in ensuring we have a close working relationship with secondary schools in the Southampton area. This is important on a strategic level, but it also allows us to share good practice with secondary colleagues by taking part in joint learning walks at each other's institutions as well as attending SEF 'Teachmeet' professional development sessions. SEF has a Heads and Principals group and an Operations Group which comprises the curriculum/quality Deputies from each secondary school and college in the city. SEF members share a strong common purpose in supporting quality improvement in education and are working with the authority to produce a common strategy for education across all phases.

The Operations Group, supported by a coordinator, ensure effective sharing of good practice through joint college/secondary school subject network groups. Our curriculum leaders and teachers are very actively involved in these networks, and we are benefitting from the additional schools liaison activities that such contacts facilitate. Most importantly, our students are benefitting from the understandings that school and college staffs develop in these networks around how best to provide effective transition and continuity of care for pupils moving from Year 11 in school to Year 12 in college.

Curriculum Value for money

The factors we consider when designing curriculum, making choices regarding the suitability of a course or programme and ensuring value for money are:

- Student population within Southampton City (breadth)
- Academic ability of students (gifted and talented)
- Student catchment area
- Student progression to Higher Education
- Student progression within the college
- Quality of student experience – enjoyment, achievement, and enrichment
- Quality of teaching and learning

Study Programmes: Our Approach

We remain a sixth form college offering a broad based general education primarily targeting full-time 16-18 year old students at levels 2 and 3, funded by the ESFA. A few students aged 19 and above also infill on to these daytime programmes and (although funded through the Adult Education Budget (AEB)) are essentially treated as full-time school leavers with the entitlement to tutorial and enrichment.

Students aged 19-23 continue to be entitled to free education to complete their first Level 3 full qualification. However, it does not automatically follow that the college would receive immediate or even retrospective, funding for delivering that education. Students aged 24+ are not entitled to free education (other than GCSE English and Maths) but they entitled to apply for a 24+ loan to finance their studies. We have a small number of students who are in this position and use the loan to study A levels or the Access to HE Diploma.

The curriculum has been developed to meet the needs of 16-19 year old sixth form students who will progress to higher education, apprenticeship or the workplace. All students follow a programme of at least 540 hours study, which may also include supervised independent study sessions, work experience and enrichment activities (e.g. music lessons, sports teams, Duke of Edinburgh Award etc.). At enrolment the aim is to ascertain the student's eventual career aim and work towards this in devising an appropriate programme of study, ensuring that necessary subjects are completed as needed by each individual. All students who have yet to achieve a grade C in GCSE English / Maths will automatically have these courses, or courses leading towards this, included in their programme.

Level 3 students

Since the introduction of reformed A levels students enrolling on to A level study programmes follow three A levels unless their GCSE profile is very strong (all A*/As) in which case they may opt to take 4 A levels. We have increased our range of BTEC and CTEC qualifications and students may select to take an Extended Diploma (equivalent to three A levels) or a mixture of Subsidiary Diplomas with A levels. Additionally, all students will have a supervised study session and/or enrichment activity, plus take part in a tutorial programme and work related learning. They may also opt to complete an Extended Project Qualification (EPQ). Students are expected to leave college after two years with a minimum of three A levels or their equivalent.

To access a full level three course (i.e. A level / Extended Diploma in vocational subject) students are required to achieve five grade 4/C GCSEs, including English. In addition, some level three courses require grade 4/C or above GCSE passes in maths and /or science. Level two vocational qualifications (e.g. BTEC First Diploma) will be taken into account if relevant to the proposed programme of study.

Students who are qualified to study at level three, but who have GCSEs with few or no passes at A*, A or B are encouraged to follow an appropriate vocational programme. Students who achieve six grade A*, A or B GCSEs including English and Maths (with an average GCSE score of six) are eligible to join

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our Sixth Form Academy. All Extended Diploma students are expected to complete relevant formal work experience as part of their study programme.

Pre-level 3 students

Students who have just missed their grade 4 in English and maths and who have a steady C/D (4/3) profile follow a traditional one year Pre-advanced level programme where they work to achieve their English and maths GCSE alongside a level two vocational course). All students on level two programmes are expected to complete relevant formal work experience as part of their study programme.

Students who do not meet these criteria and are assessed as requiring a two-year programme study English and maths at level one, plus 'Employability' in their first year, moving on to GCSE English and maths and a vocational course in their second year. If they are successful they may progress to level three study but this will be dictated by students' achievement and career choices; supporting students to gain an apprenticeship is equally as important as enabling them to progress to level three academic study.

EAL students whose English appears to require further support will receive double the amount of English teaching with both ESOL and IGCSE (Second Language) being studied.

FACTORS WHICH ARE LIKELY TO AFFECT OUR FUTURE DEVELOPMENT, PERFORMANCE AND POSITION

PRINCIPAL RISKS AND UNCERTAINTIES

Given the College dissolved as a legal entity on 1st November 2017, from 1st November 2017 the principal risks and uncertainties described below will not apply anymore to Richard Taunton Sixth Form College as an entity but do represent risks and uncertainties applicable to the new entity of which the former Richard Taunton Sixth Form College is now part of.

Management of risk

The College has a Risk Management Policy forms as part of the College's internal control and corporate governance arrangements and which is approved annually. The Corporation approved the current policy in June 2017. Risk management is embedded into internal control through a system which brings together elements that facilitate an effective and efficient operation. This enables the College to respond to a variety of operational, financial, and commercial risks.

The Board of Governors has responsibility for overseeing risk management within the college as a whole. to discharge this responsibility the Board will: annually review the college's approach to risk management and approve changes to policy and procedures; receive the Risk Register annually; review the High Level Risk Register; and receive the report of the Audit Committee which will include the annual report from the senior management team (SMT) on its review of the effectiveness of the internal control system.

The Audit Committee has delegated powers to: review significant risks; review the previous year and examine the college's track record on risk management and internal control; consider the risk profile of the coming year and the effectiveness of current internal control arrangements. The Audit Committee will: regularly review the Risk Register and assess the control environment for efficacy; review the High Level Risk Register; and review the annual report from SMT on its review of the effectiveness of the internal control system.

The role of SMT is to: manage the college's Risk Management processes; recommend policy to the Corporation; receive and review risk registers from the Risk Management Committee; establish and maintain a high level risk register (November); implement and manage risk control measures (May); and

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report to the Corporation annually through the Audit Committee on Risk Management on the Full Risk Register, High Level Risk Register, effectiveness and testing of controls, significant incidents and the effectiveness of the system of internal control. SMT prepare a report of its review of the effectiveness of the internal control system annually for consideration by the Audit Committee in the Autumn term.

The Director of Information and Planning acts as the Risk Management Coordinator and is responsible to the SMT for drawing up and maintaining the risk register and leading on policy review. The role is supported through the Risk Management Committee (RMC) in the consideration, mitigation and management of risk. This includes: to identify operational risks; to develop and review risk registers; to consider and recommend control measures for operational risks; to make reports to SMT annually in February; and to contribute to exercises to test control measures. Finally, through management meetings and briefings, our body of staff is made aware of external threats and internal weaknesses to us achieving our strategic objectives.

Principal Uncertainties

Changes in funding

Although the funding rate is capped for the duration of this Government, adjustments to other drivers of funding still pose a risk to allocations. Risk still exists for the College's High Needs Students for whom the funding model is less clear.

Changes in course entry requirements

We are confident in the rigour and suitability of our programmes of study, but as with other institutions, remain at risk where the funding bodies use systems to assess our compliance which raise concerns over interpretation of the equivalence of students' previously-achieved non-GCSE and overseas qualifications, in this arena where judgements may be applicable.

Political emphasis on apprenticeship provision

The disconnect remains between local demand for adult classroom provision and the reduction in available ESFA funding. This is an outcome of ESFA targeting adult skills funding at colleges who provide apprenticeships, which we do not. We consistently over-deliver against our allocation, but it is unlikely that our funding will be increased to reflect our delivery level if we do not develop an apprenticeship provision.

Increased competition in the 16-18 year old market in Southampton

The local area remains saturated with providers of education to 16-19+ students and competition for a pool of learners that will not increase in the next 2 years remains a key risk for the College and its funding allocation.

STAKEHOLDER RELATIONSHIPS

In line with many other colleges, Richard Taunton Sixth Form College has many stakeholders. These include:

- Students
- Staff
- Governors
- Local employers related to our activities
- Local authorities
- Education sector funding bodies
- Local community
- Other FE institutions
- HE institutions
- Professional bodies and trade unions

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We recognise the importance of our stakeholders and engage in regular communication through all forms, in particular through network meetings and social media.

EQUALITY AND DIVERSITY, OPPORTUNITY AND INCLUSION

The College is committed to promoting and ensuring equality and diversity for all. We recognise the duties placed upon all who are part of the College by the Equality Act 2010 that equality is about treating individuals fairly, to promote equality and eliminate discrimination and harassment.

During 2013/14, the College's senior team, in conjunction with the Equality, Diversity and Inclusion Group, decided to enter the college for the Investors in Diversity award. We subsequently underwent a comprehensive assessment process which resulted in the award of the Investors in Diversity kite-mark.

We understand that diversity is about recognising and valuing differences for the benefit of relationships between the College, students, staff and the public. The College acknowledges this is about treating everyone with dignity and respect and expresses its opposition to all forms of harassment and inequality in society which result from age, disability, gender reassignment, pregnancy and maternity, race, religion and belief, sex and sexual orientation.

Overarching all our aims, objectives and actions towards addressing inequality and promoting diversity is valuing everyone's Human Rights. The College has a Single Equality Scheme (SES) to develop an overall view of equality, diversity and human rights. The SES is a public commitment of how we meet the duties placed upon us by the Equality Act 2010. The aim of this Single Equality Scheme is to give us a coherent integrated framework for action across all equality strands within the context of the mission, vision and values of the College. Our Single Equality Scheme is the responsibility of everyone within our organisation.

The Corporation is fully committed to promoting equality and diversity and has the responsibility for ensuring that the College SES is in place, and communicated to all students, staff and the public through appropriate media, and for ensuring that it complies with the Equality Act 2010 and other anti-discrimination legislation. The Corporation ensures the scheme is posted on the College's external website and that we welcome any comments from the public or our staff. The Assistant Principal leads on equality, diversity and inclusion and has overall responsibility for the SES and its review. The Equality, Diversity and Inclusion Group has responsibility for ensuring there is involvement at all levels appropriate to the work and action that underpins a robust SES including monitoring and reviewing the associated action plan. All staff and managers are responsible for raising awareness of the need to promote a positive attitude towards equality of opportunity and individual needs. All students are responsible for ensuring that they behave with respect to all members of the College, adhere to the expectations set out in the College Equality policies and that they do not encourage prejudice or discrimination.

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 with 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by HM Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2016 to 31 October 2017, the college paid 99% (2015/16 - 99%) of its invoices within 30 days of the invoice date. The college incurred no interest charges in respect of late payment during the period.

DISABILITY STATEMENT

In accordance with the Disability Discrimination Act 1995 as updated by the Special Education Needs and Disability Acts 2011 and 2005, and the Equality Act 2010, the College has a disability statement (a copy of which is available on request). In our statement we outline how we provide a safe and

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accessible working environment that respects and values individual and collective identities and cultures, that is free from discrimination, harassment and victimisation.

Richard Taunton Sixth Form College has been accredited with the 2 Ticks Disability Symbol which recognises the College's commitment to good practice in employing people with disabilities.

EQUAL OPPORTUNITIES AND EMPLOYMENT OF DISABLED PERSONS

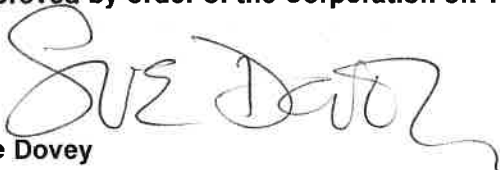
The College seeks to achieve the objectives set down in the Equality Act 2010 in the following ways:

- a. lifts and ramps have been installed so that most of the college facilities are accessible to people with a disability. During the year the College made a significant investment to provide a specialist nursing station and adjacent therapy rooms with appropriate support equipment for students with SLDD;
- b. there is a list of specialist auxiliary aids and services, such as hearing loops, laptop computers with specialist software, adaptive aids for computer usage, which the College can make available for use by students;
- c. the College has made a significant investment in the appointment of specialist teachers to support students with learning difficulties and/or disabilities as well as a qualified nurse. There are also a number of learning support assistants who can support individual requirements with both learning and other identified needs. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities;
- d. specialist programmes of study are described in programme information guides, and achievements and destinations are recorded and published in a standard College format;
- e. counselling and welfare services are described in the College handbook.
- f. specialist workshops provided by outside agencies are available for students to access alongside College support workshops.
- g. specialist advisory services are employed to support students with specific needs and to advise staff on good practice.

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. 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 Corporation on 14 December 2017 and signed on its behalf by


Sue Dovey

Chair

Statement of Corporate Governance and Internal Control

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

The statement of Corporate Governance and Internal Control along with the Financial Statements are to be signed by the Chair and Accounting Officer of Lighthouse Learning Trust. This reflects the fact that Richard Taunton Sixth Form College dissolved as a legal entity on 1st November 2017 and all previous governor appointments ceased at this date.

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); and
- ii. having due regard to the UK Corporate Governance Code ("the Code") insofar as it is applicable to the further education sector

The College is committed to exhibiting best practice in all aspects of corporate governance. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon 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 Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

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 up to the date of dissolution for the period ending October 2017 were as listed in the table below. Given the College dissolution on 1st November 2017 all appointments ceased at this point in time:

Name	Appointed/ Reappointed	Term of Office	Date ended	Status of appointment	Committees served	
Attendance						
R Woolley Chair Dec 2014	Dec 2014	3 yrs	N/A	External	Rem, G&S, Bd	10/10
Prof J Anderson Vice Chair July 2015	July 2015	2 yrs	Oct 2017	External	SSQI, Rem, G&S, Bd	13/13
P Need	Sep 2013	4 yrs	Oct 2017	External	Audit, G&S, Bd	11/12
A Foss	May 2014	4 yrs	N/A	External	SSQI, Bd	9/14
I Golding	Dec 2016	4 yrs	N/A	External	F&R, Bd	10/14
C Harrison	Oct 2014	4 yrs	N/A	Staff	SSQI, Bd	11/14
S Randall	Oct 2014	4 yrs	N/A	Staff	Audit, Bd	4/7
S Kaur	Dec 2013	4 yrs	N/A	External	F&R, Bd	5/12
R Hall	Oct 2014	4 yrs	N/A	External	F&R, Bd, Rem	11/13
S Dovey	June 2015	4 yrs	N/A	External	Bd, F&R	11/12
G Hindle	Dec 2014	3 yrs	N/A	Parent	F&R, Bd	11/13

Richard Taunton Sixth Form College Financial Statements for the Period Ended 31 October 2017

A Orchel	Mar 2016	1 yr	N/A	Student	SSQI, Bd	3/3
F Harry	Mar 2016	1 yr	N/A	Student	SSQI, Bd	5/5
F Rowan	Mar 2017	1 yr	N/A	Student	SSQI/Bd	1/2
A Khan	Mar 2017	1 yr	N/A	Student	SSQI/Bd	8/10
M Kelly	Oct 2015	4 yrs	N/A	External	Audit, Bd	7/10
A James	Oct 2015	4 yrs	N/A	External	F&R, Bd	11/13

Notes : F Rowan stepped down from the Board in July 2017

Some appointments were extended slightly due to imminent conversion to academy status

Additional Shadow Board/Committee attendance was significant and is not included in this table

Key to Committees: SSQI – Students, Standards and Quality Improvement, F&R – Finance & Resources, G&S – Governance & Search, Rem - Remuneration

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 at least once each term.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are: finance and resources; students, standards and quality improvement; remuneration; search and governance; and audit. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at:

Richard Taunton Sixth Form College
Hill Lane
Southampton
Hampshire SO15 5RL

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 Board 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 Board meetings. Briefings are 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 Chairman and Accounting Officer are separate.

Appointments to the Corporation

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

Members of the Corporation are appointed for up to 2 terms of office of four years each. In exceptional circumstances terms may be extended for continuity.

Richard Taunton Sixth Form College Financial Statements for the Period Ended 31 October 2017

Corporation performance

An analysis of the performance of Corporation members was not undertaken as the College was working towards its own dissolution during the period.

Remuneration Committee

Throughout the period ended 31 October 2017, the College's Remuneration Committee comprised four members of the Corporation. The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior post-holders.

Details of remuneration for the period ended 31 October 2017 are set out in note 7 to the financial statements.

Audit committee

The Audit Committee comprises three members of the Corporation and two co-opted members with significant audit experience. The Committee excludes the Accounting Officer and Chair of the Corporation. 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 the main FE funding bodies as they affect the College's business.

The College's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee. Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Corporation on the appointment of internal, regularity and financial statements auditors and their remuneration for 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 Memorandum between Richard Taunton 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 ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Richard Taunton Sixth Form College for the period ended 31 October 2017.

Richard Taunton Sixth Form College Financial Statements for the Period Ended 31 October 2017

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ended 31 October 2017. 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.

Richard Taunton 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.

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, 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 risk committee, if appropriate), and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2017 meeting, the Corporation carried out the annual assessment for the period ended 31 October 2017 by considering documentation from the senior management team and internal audit, and taking account of events since 31 October 2017.

Based on the advice of the Audit Committee and the Principal, 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".

Richard Taunton Sixth Form College Financial Statements for the Period Ended 31 October 2017

Going concern

The College dissolved as a legal entity on 1st November 2017. The accounts are therefore prepared on a non-going concern basis as the College ceased to legally exist from 1st November 2017.

In 2016/17 the College continued to progress to conversion to the academy trust, successfully concluding the activities regarding public consultations, legals and the passing of final dissolution resolution by the Corporation. This process started in 2015/16 when the College was selected in the first round of government post-16 education and training area reviews.

During 2016/17 the College continued to participate in the formalities of this process and the recommendation of conversion to a multi-academy trust.

Approved by order of the members of the Corporation on 14 December 2017 and signed on its behalf by:



Sue Dovey



Alice Wrighton

Chair

Accounting Officer

Governing Body's Statement on the College's Regularity, Propriety and Compliance with Funding Body terms and conditions of funding.

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

We confirm on behalf of the Corporation that, after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the College, or material non-compliance with the ESFA 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 ESFA.



Sue Dovey



Alice Wrighton

Chair

Accounting Officer

Statement of Responsibilities of the Members of the Corporation

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

The law applicable to charities in England and the terms and conditions of the Funding Agreement between the Education and Skills Funding Agency and the Corporation of the College, requires the corporation of the college to prepare financial statements and the 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 and other relevant accounting standards. It is responsible for taking steps in order to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

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

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

Approved by order of the members of the Corporation on 14 December 2017 and signed on its behalf by:



Sue Dovey

Chair

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF LIGHTHOUSE LEARNING TRUST IN RESPECT OF RICHARD TAUNTON SIXTH FORM COLLEGE

Opinion

We have audited the financial statements of Richard Taunton Sixth Form College (the "College") for the period ended 31 October 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 8 December 2017

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 October 2017 and of the College's surplus of income over expenditure for the period 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 and Lighthouse Learning Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - non going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements. As described in note I, the assets and liabilities of the College were transferred to Lighthouse Learning Trust on 1 November 2017 and the College dissolved as a legal entity on that date. For this reason the accounts have been drawn up on a 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 Report and Financial Statements other than the financial statements 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.

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 Board of Lighthouse Learning Trust in respect of Richard Taunton Sixth Form College

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 20 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 Board of Lighthouse Learning Trust in respect of Richard Taunton Sixth Form College, as a body, in accordance with the Funding Agreement published by the Education Funding Agency and our engagement letter dated 8 December 2017. Our audit work has been undertaken so that we might state to the Board of Lighthouse Learning Trust, as a body, those matters we are required under our engagement letter dated 8 December 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 Board of Lighthouse Learning Trust, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP
Chartered Accountants
Highfield Court
Tollgate
Chandlers Ford
Eastleigh
Hampshire SO53 3TY

Date 21 December 2017

**Richard Taunton Sixth Form College
Statement of Comprehensive Income**

	Notes	15 months 2017 £'000	12 months 2016 £'000
INCOME			
Funding body grants	3	7,608	5,945
Tuition fees and education contracts	4	50	71
Other income	5	462	403
Investment income	6	-	1
Total income		8,120	6,420
EXPENDITURE			
Staff costs	7	5,930	4,521
Restructuring costs	7	24	77
Other operating expenses	8	1,852	1,489
Depreciation	10	526	433
Interest and other finance costs	9	73	69
Total expenditure		8,405	6,589
(Deficit)/surplus before other gains and losses		(286)	(169)
Gain on disposal of assets		-	-
(Deficit)/surplus for the year		(286)	(169)
Actuarial (loss)/gain in respect of pensions schemes	22	660	(350)
Total Comprehensive Income for the year		374	(519)
Represented by:			
Restricted comprehensive income		-	-
Unrestricted comprehensive income		374	(519)
		374	(519)

Statement of Changes in Reserves

	Income and Expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Balance at 31st July 2015	(574)	2,667	2,093
Surplus/(deficit) from the income and expenditure account	(169)	-	(169)
Other comprehensive income	(350)	-	(350)
Transfers between revaluation and income and expenditure reserves	74	(74)	-
Total comprehensive income for the year	(445)	(74)	(519)
Balance at 31st July 2016	(1,019)	2,593	1,574
Surplus/(deficit) from the income and expenditure account	(286)	-	(286)
Other comprehensive income	660	-	660
Transfers between revaluation and income and expenditure reserves	93	(93)	-
Total comprehensive income for the year	467	(93)	374
Balance at 31st October 2017	(552)	2,500	1,948

Balance sheet as at 31 October 2017

	Notes	2017 £'000	2016 £'000
Fixed assets			
Tangible assets	10	8,519	8,680
Current assets			
Stocks	11	7	6
Trade and other receivables	12	103	85
Cash and cash equivalents	18	901	774
Total current assets		1,011	865
Less: Creditors – amounts falling due within one year	13	(1,346)	(986)
Net current liabilities		(335)	(121)
Total assets less current liabilities		8,184	8,559
Less: Creditors – amounts falling due after more than one year	14	(4,386)	(4,665)
Provisions			
Defined benefit obligations	16	(1,850)	(2,320)
Total net assets		1,948	1,574
Unrestricted reserves			
Income and expenditure account		(552)	(1,019)
Revaluation reserve		2,500	2,593
Total unrestricted reserves		1,948	1,574

The financial statements on pages 23 to 46 were approved and authorised for issue by the Corporation on 14 December 2017 and were signed on its behalf on that date by:

Sue Dovey
Chair

Alice Wrighton
Accounting Officer

Statement of Cash Flows

	Notes	2017 £'000	2016 £'000
Cash inflow from operating activities			
Surplus/(deficit) for the year		(286)	(169)
Adjustment for non cash items			
Depreciation		526	433
(Increase)/decrease in stocks		(1)	(6)
(Increase)/decrease in debtors		(18)	4
Increase/(decrease) in creditors due within one year		395	(22)
Increase/(decrease) in creditors due after one year		(247)	45
Pensions costs less contributions payable		130	40
Adjustment for investing or financing activities			
Investment income		-	(1)
Interest payable		73	69
Net cash flow from operating activities		<u>572</u>	<u>393</u>
Cash flows from investing activities			
Investment income		-	1
Payments made to acquire fixed assets		(365)	(226)
		<u>(365)</u>	<u>(225)</u>
Cash flows from financing activities			
Interest paid		(13)	(9)
New unsecured loans		258	38
Repayments of amounts borrowed		(325)	(26)
		<u>(80)</u>	<u>3</u>
Increase / (decrease) in cash and cash equivalents in the year		<u>127</u>	<u>171</u>
Cash and cash equivalents at beginning of the year	18	774	603
Cash and cash equivalents at end of the year	18	901	774

Notes to the Accounts

1 Accounting policies

Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements. The nature of the College's operations is set out on Page 3 in the Strategic Report.

General Information

Richard Taunton 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 principle business is:

Richard Taunton Sixth Form College
Hill lane
Southampton
Hampshire
SO15 5RL

Basis of preparation

These financial statements are prepared for the 15 month period to 31 October 2017. The accounting period was extended due to the dissolution of the College on 1 November following the transfer of assets and liabilities to the Lighthouse Learning Trust. As a result the comparative amounts presented in the financial statements are not directly comparable.

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 Accounts Direction for 2016-17 financial statements and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland". The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

Going Concern

The accounts are prepared on a basis other than going concern given the College ceased to legally exist after 31st October 2017.

The assets and liabilities of the College were transferred to Lighthouse Learning Trust on 1st November 2017, the date of merger, at book values existing at that date.

In the 2016/17 the College continued progression to merger, successfully concluding the activities regarding consultations, legals and the passing of final dissolution resolution by Corporation. This process started in 2015/16 when the College was selected in the first round of government post-16 35 education and training area reviews. During the 2016/17 the College continued to participate in the formalities of this process and the recommendation of conversion to a multi-academy trust.

Recognition of income

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

Richard Taunton Sixth Form College Financial Statements for the Period Ended 31 October 2017

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the adult learner responsive funding element is 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 at the end of November following the year end. Employer responsive grant income is recognised based on a year-end reconciliation of income claimed and actual delivery. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

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

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

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

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

Post-employment benefits

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

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 22, the TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

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

The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in actuarial gains and losses

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

Tangible fixed assets

Land and buildings

Land and buildings are stated in the balance sheet at cost or deemed cost for those held at valuation at the date of transition to FRS 102 less accumulated depreciation and impairment losses. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

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

Finance costs, which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets.

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1993 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 statement in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

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

Buildings owned by third parties

Where land and buildings are used, but the legal rights are held by a third party, for example a charitable trust, they are only capitalised if the College has rights or access to ongoing future economic benefit. These assets are then depreciated over their expected useful economic life.

Equipment

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

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

- general equipment – 10-15 per cent per year on a straight-line basis
- computer equipment – 20 per cent per year on a straight-line basis

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

Leased assets

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

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding council capital equipment grants, the associated assets are designated as grant-funded assets.

Inventories

Inventories are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Foreign currency translation

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

Taxation

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs (around 3%). 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.

Cash and cash equivalents

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

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

Financial liabilities and equity

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

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

Borrowing costs

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

Provisions and contingent liabilities

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

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

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

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

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 account and are shown separately in Note 24, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant. The College employs one member of staff dedicated to the administration of Learner Support Fund applications and payments.

2 Critical Accounting Judgements and Estimation Uncertainty

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

Critical areas of judgement

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

Determined 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, maintenance programmes, economic utilisation and physical condition of the assets are taken into account. Residual value assessments consider issues such as future market conditions and the remaining life of the asset.

Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 October 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.

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3 Funding body grants

	15 months 2017 £'000	12 months 2016 £'000
Recurrent Grants		
Education Funding Agency	7,163	5,612
Skills Funding Agency	140	101
Specific Grants		
Education Funding Agency	55	67
Releases of government capital grants	250	165
	<u>7,608</u>	<u>5,945</u>

4 Tuition fees and education contracts

	15 months 2017 £'000	12 months 2016 £'000
Tuition fees	<u>50</u>	<u>71</u>
	<u>50</u>	<u>71</u>

5 Other Income

	15 months 2017 £'000	12 months 2016 £'000
Lettings	246	216
Other income generating activities	<u>216</u>	<u>187</u>
	<u>462</u>	<u>403</u>

6 Investment income

	15 months 2017 £'000	12 months 2016 £'000
Other interest receivable	<u>-</u>	<u>1</u>
	<u>-</u>	<u>1</u>

7 Staff costs

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

	2017 No.	2016 No.
Teaching staff	67	61
Non teaching staff	57	56
	<u>124</u>	<u>117</u>

Staff costs for the above persons

	15 months 2017 £'000	12 months 2016 £'000
Wages and salaries	4,651	3,651
Social security costs	410	276
Other pension costs	869	594
Payroll sub total	<u>5,930</u>	<u>4,521</u>
Restructuring costs - contractual	24	77
	<u>5,954</u>	<u>4,598</u>

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Postholders which comprises the Principal, Deputy and Assistant Principals and Clerk to the Corporation. There has been no compensation paid to key management personnel for loss of office.

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

	2017 No.	2016 No.
The number of key management personnel including the Accounting Officer was:	4	4
	<u>4</u>	<u>4</u>

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7 Staff costs (continued)

The number of key management personnel who received emoluments, excluding pension contributions but including benefits in kind, in the following areas was:

	2017 No.	Key 2016 No.
£20,001 to £30,000	-	1
£30,001 to £40,000	1	-
£50,001 to £60,000	-	1
£60,001 to £70,000	-	1
£70,001 to £80,000	1	-
£80,001 to £90,000	1	-
£90,001 to £100,000	-	1
£120,001 to £130,000	1	-
	<u>4</u>	<u>4</u>

Key management personnel compensation is made up as	15 months 2017 £'000	12 months 2016 £'000
Salaries	321	244
Employers National Insurance	39	26
Benefits in kind	-	-
	<u>360</u>	<u>270</u>
Pension contributions	52	39
Total emoluments	<u>412</u>	<u>309</u>

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

The above compensation includes amounts payable to the Accounting Officer (who is also the highest paid officer) of:

	15 months 2017 £'000	12 months 2016 £'000
Salaries	125	97
National Insurance	16	11
Benefits in kind	-	-
	<u>141</u>	<u>108</u>
Pension contributions	21	16

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

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8 Other operating expenses

	15 months 2017 £'000	12 months 2016 £'000
Teaching costs	344	264
Non teaching costs	1,193	959
Premises costs	315	266
Total	1,852	1,489

	15 months 2017 £'000	12 months 2016 £'000
Other operating expenses include:		
Auditors' remuneration:		
Financial statements audit	20	16
Internal audit	13	10
Hire of plant and machinery – operating leases	6	5
Hire of other assets under operating leases	32	16

9 Interest and other finance costs

	15 months 2017 £'000	12 months 2016 £'000
On bank loans, overdrafts and other loans	13	9
Pension finance costs (note 21)	60	60
Total	73	69

10 Tangible fixed assets

	Land and Freehold	Equipment	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 August 2016	10,888	3,153	14,041
Additions	1	364	365
Disposals	-	(261)	(261)
At 31 October 2017	10,889	3,256	14,145
Depreciation			
At 1 August 2016	3,054	2,307	5,361
Charge for the year	252	274	526
Disposals	-	(261)	(261)
At 31 October 2017	3,306	2,320	5,626
Net book value at 31 October 2017	7,583	936	8,519
Net book value at 31 July 2016	7,834	846	8,680

Land and Buildings were revalued as at 1 April 1993 by Edward Rushton Son & Kenyon, Valuers and Surveyors, by reference to the depreciated replacement cost of the buildings with the open market value of the site for existing use purposes. On adoption of FRS102 the College followed the transitional provision to retain the book value of land & building as deemed cost.

If fixed assets had not been revalued before being deemed as cost on transition they would have been included at a historical and depreciation of nil.

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11 Stock	2017	2016
	£'000	£'000
Stock	7	6
	<u>7</u>	<u>6</u>

12 Trade and other receivables

	2017	2016
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	36	60
Prepayments and accrued income	64	25
Other debtors (Apprenticeship Levy)	3	-
Total	<u>103</u>	<u>85</u>

13 Creditors: amounts falling due within one year

	2017	2016
	£'000	£'000
Bank loans and overdrafts	-	27
Other Loans	-	8
Trade payables	138	170
Other taxation and social security	159	159
Accruals	144	70
Deferred Income	-	3
Deferred income - government grants	581	219
Accrued Staff Holiday Pay	100	223
Amounts owed to the ESFA	224	107
Total	<u>1,346</u>	<u>986</u>

14 Creditors: amounts falling due after one year

	2017	2016
	£'000	£'000
Bank loans	-	260
Other Loans	-	30
ESFA loans	258	-
Deferred income - government capital grants	4,128	4,375
Total	<u>4,386</u>	<u>4,665</u>

15 Maturity of debt

Bank loans, EFA Loans and overdrafts are repayable as

	2017 £'000	2016 £'000
In one year or less	-	27
Between one and two years	-	27
Between two and five years	155	80
In five years or more	103	153
Total	258	287

A 15 year term loan of £400,000 was approved by the Board on 8 December 2011 and was drawn down from Barclays in February 2012. The loan was fully paid off by 31st October 2017 prior to the College joining the Lighthouse Learning Trust Multi Academy Trust on 1st November 2017. The ESFA has agreed to refinance the loan of £258k which is repayable from December 2019 over 5 years.

16 Provisions

	Defined Benefit Obligations £'000
At 1 August 2016	(2,320)
Expenditure in period	(440)
Additions in period	910
At 31 October 2017	(1,850)

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension scheme; further details in Note 22.

17 Financial Instruments

The College has the following financial instruments:

	2017 £'000	2016 £'000
Financial Assets		
Debt Instruments measured at amortised cost	36	60
Financial Liabilities		
Financial Liabilities measured at amortised cost	865	895

Richard Taunton Sixth Form College Financial Statements for the Period Ended 31 October 2017

18 Cash and cash equivalents

	At 1 August 2016 £'000	Cash flows £'000	At 31 October 2017 £'000
Cash and cash equivalents	774	127	901
	<u>774</u>	<u>127</u>	<u>901</u>

19 Capital Commitments or other commitments

	2017 £'000	2016 £'000
Commitments contracted for at 31 July	-	27

20 Lease obligations

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

	2017 £'000	2016 £'000
Other		
Not later than one year	25	21
Later than one year and not later than five years	26	31
	<u>51</u>	<u>52</u>

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 Hampshire County Council. Both are multi-employer defined-benefit schemes.

Total pension cost for the year	2016/17 £'000	2015/16 £'000
Teachers Pension Scheme: contributions paid	489	374
Local Government Pension Scheme:		
Contributions paid	250	180
FRS 102 (28) charge	130	40
Charge to the Statement of Comprehensive Income (staff costs)	380	220
Total Pension Cost for Year within staff costs	869	594

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

Contributions amounting to £50,279 and £22,937 were payable to the TPS and LGPS respectively at 31st October 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 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates were set at 16.48% of pensionable pay (including administration fees of 0.08%);
- total scheme liabilities for service to the effective date of £191 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay.
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

The new employer contribution rate for the TPS will be 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 1 April 2015.

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

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

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

The pension costs paid to TPS in the period amounted to £388,000 (2016: £374,000)

21 Defined benefit obligations (continued)

FRS 102 (28)

Under the definitions set out in FRS102 (28.11), the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the College has taken advantage of the exemption in 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

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by Hampshire County Council. The total contribution made for the 15 months ended 31 October 2017 was £320,000, of which employer's contributions totalled £250,000 and employees' contributions totalled £70,000. The agreed contribution rates for future years are 16.5 percent for employers and range from 5.5% to 7.5% percent for employees.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 October 2017 by a qualified independent actuary.

	At 31 October 2017	At 31 July 2016
Salary Increases	1.50%	1.50%
Pension Increases	2.10%	1.80%
Pensions Account Revaluation rate	2.10%	1.80%
Discount rate for scheme liabilities	2.70%	2.40%

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

	At 31 October 2017	At 31 July 2016
<i>Retiring today</i>		
Males	24.00	24.60
Females	27.00	26.40
<i>Retiring in 20 years</i>		
Males	26.00	26.70
Females	29.30	28.70

21 Defined benefit obligations (continued)

Local Government Pension Scheme (continued)

The College's share of the assets in the plan were:

	Fair Value at 31 October 2017 £'000	Fair Value at 31 July 2016 £'000
Equities	2,797	2,262
Government Bonds	1,134	1,049
Corporate Bonds	50	72
Property	297	295
Cash	137	208
Other	155	104
Total fair value of plan assets	4,570	3,990
Present value of plan liabilities	(6,420)	(6,310)
Net pension liability	(1,850)	(2,320)

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	380	220
Past service cost	-	-
Total	380	220

Amounts included in interest payable

Net interest expenditure	60	60
	60	60

Amount recognised in Other Comprehensive Income

	2017 £'000	2016 £'000
Return on pension plan assets	390	300
Experience losses arising on defined benefit obligations	270	(650)
Changes in assumptions underlying the present value of plan liabilities	-	-
Actuarial gain/(loss) recognised in Other Comprehensive	660	(350)

21 Defined benefit obligations (continued)

Local Government Pension Scheme (continued)

Movement in net defined benefit (liability)/asset during the year

	2017	2016
	£'000	£'000
Net defined (liability) in scheme at 1 August	(2,320)	(1,870)
Movement in year:		
Current service cost	(380)	(220)
Employer contributions	250	180
Past service cost	-	-
Net interest on the defined liability	(60)	(60)
Actuarial gain or loss	660	(350)
Net defined (liability) at 31 July	(1,850)	(2,320)

Asset and Liability Reconciliation

	2017	2016
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at the start of period	6,310	5,280
Current service cost	380	220
Interest cost	190	190
Contributions by scheme participants	70	60
Experience losses on defined benefit obligations	(270)	650
Estimated benefits paid	(260)	(90)
Past Service cost	-	-
Defined benefit obligations at the end of period	6,420	6,310

Changes in fair value of plan assets

	2017	2016
	£'000	£'000
Fair value of plan assets at start of period	3,990	3,410
Interest on plan assets	130	130
Return on plan assets	390	300
Employer contributions	250	180
Contributions by scheme participants	70	60
Estimated benefits paid	(260)	(90)
Fair value of plan assets at end of period	4,570	3,990

22 Related party transactions

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

The total expenses paid to or on behalf of the Governors during the period was £1,104; 3 governors (2016: £1,364; 3 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the period (2016: None).

23 Amounts disbursed as agent Learner support funds

	15 months 2017 £'000	12 months 2016 £'000
Funding body grants – hardship funds	454	315
	<u>454</u>	<u>315</u>
Disbursed to students	(230)	(208)
Balance unspent as at 31 October, included in creditors	<u>224</u>	<u>107</u>

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

24 Post Balance Sheet Events

On 1st November 2017 the College formally dissolved as a legal entity through conversion to a multi-academy trust called Lighthouse Learning Trust. As of 1st November 2017 all assets and liabilities of Richard Taunton College transfer across to Lighthouse Learning Trust.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE BOARD OF LIGHTHOUSE LEARNING TRUST IN RESPECT OF RICHARD TAUNTON SIXTH 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 8 December 2017 and further to the requirements of the funding agreement with the Education Funding Agency, to obtain limited assurance about whether the expenditure disbursed and income received by Richard Taunton Sixth Form College during the period 1 August 2016 to 31 October 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 October 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 Richard Taunton 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 the Board of Lighthouse Learning Trust in respect of Richard Taunton Sixth Form College for regularity

The Corporation of Richard Taunton Sixth Form College was responsible, under the ESFA funding agreement 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 Board of Lighthouse Learning Trust 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 October 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 funding agreement with the Education and Skills Funding Agency and high level financial control areas where we identified a material irregularity is likely

Richard Taunton Sixth Form College Financial Statements for the Period Ended 31 October 2017

to arise. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

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

This report is made solely to the Board of Lighthouse Learning Trust in respect of Richard Taunton 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 Board of Lighthouse Learning Trust 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 Board of Lighthouse Learning Trust 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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Date 21 December 2017