

RICHARD TAUNTON

SIXTH FORM COLLEGE



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

CONTENTS

	Page number
Operating and Financial Review	2
Statement of Corporate Governance and Internal Control	17
Statement of Responsibilities of the Members of the Corporation	22
Independent Auditors' Report on Regularity to the Corporation of Richard Taunton Sixth Form College ('the Corporation') and the EFA	23
Income and Expenditure Account	24
Statement of Historical Cost Surpluses and Deficits	25
Statement of Total Recognised Gains and Losses	25
Balance Sheets as at 31 July	26
Cash Flow Statement	27
Notes to the Accounts	28
Independent Auditors' Report on Regularity to the Corporation of Richard Taunton Sixth Form College ('the Corporation') and the EFA	49

Operating and Financial Review

NATURE, OBJECTIVES AND STRATEGIES:

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

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting 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.

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 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

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.

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 pages 18 and 19.

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.
❖ 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 FRS17 adjustments)

The College is making strong progress towards achieving these targets.

The College's performance objectives for 2014/15 and achievement of the strategic performance objectives are addressed below:

1. The College enrolled 1,051 students in 2014/15, against a larger allocation of 1,155. Whilst funding in 2015 was protected through the lagged funding model, the 2015-16 allocation reflected this reduction. In September 2015 the College was successful in managing a very much improved enrolment in excess of 1,200 students.
2. The ratio of staff costs to earned income at year end remained high, at 73%, although a focused effort to reduce staff costs in year drove a saving against budget of £108,000.
3. Cash balances remained significantly positive throughout the year which provided a stable liquidity.
4. The adjusted operating surplus at £135,000 after reserve transfers was significantly better than the budgeted deficit of £117,000 because of tight, effective cost control and represents a significant turnaround.

Throughout 2014/15, 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. Nearly 20% of students sit within this growing area of provision. This approach is proving successful in that it has led to an increase in the proportion of students achieving the highest grades, 100% A Level pass rate for Academy students and strong progression rates to the most selective higher education institutions. It has also provided a vehicle for the development of closer links with local universities and businesses.

In 2014/15 Governors and Senior Managers were very aware that in order to meet the diverse needs of the local community the College must generate sufficient income to enable the delivery of teaching and learning in line with its strategic drivers. The focus on quality within the College's strategy is regarded as the key driver to deliver the improvement of learner outcomes as well as to secure the College's future financial position. This will be instrumental in improving student recruitment and securing the associated increase in funding, primarily from the EFA.

The Corporation is committed to a range of detailed indicators and measures reflecting the performance of the College. As part of the strategy the College annually reviews its development themes which support improvement and innovation. Through this review every project is linked to specific outcomes, clear milestones and measurable targets, and changes are implemented if necessary. In October 2013, the outcome of this approach was demonstrated through Ofsted assessment of the College as 'Good', and the success of this focus on quality and securing improvement is directly linked to the achievement rate for 2014/15 in outcomes for learners. It is considered that with improvements in the quality of learner outcomes, outlined below, the enrolment target of 1,250 funded learners is realistic and achievable.

- 1,051 16-18 and 19+ continuing EFA funded learners (1,120 in 2013/14)
- 100% pass rate at A2 in our Sixth Form Academy, with 85% A* - C grades (100% in 2013/14);
- Overall A level pass rate over 97 % A* to E; 64% A* - C;
- 100% pass rates in 30 out of 42 (70%) A2 subjects;

- 100% pass rate in Level 3 BTEC vocational programmes (65% of entries achieving Distinction*/Distinction or Merit).

Financial objectives

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

Table 2: Financial objectives	
Financial Objective	Outcome
Pay costs as a percentage of income to be 70% or less (expressed as a percentage of income earned and excluding deferred grants).	Actual pay costs as a percentage of income earned (excluding deferred grants) at 72.8% (July 2014 72.9%), an outcome reflecting some headcount savings through job share initiatives and secondments.
To generate an operating deficit after depreciation but before FRS17 adjustments of less than £200,000, and return to surpluses from 2016.	An operating surplus after depreciation but before FRS17 adjustments of £61,000 (deficit for July 2014 of £309,000), an outcome reflecting tough and effective cost control in all areas of expenditure.
To meet Bank Covenant requirements (based on operating surplus before depreciation charges and FRS17 charges).	Cash balances reduced throughout the year, but there was no requirement to access agreed overdraft facilities; and all Bank Covenants were met.
To deliver building condition refurbishment to time and budget.	The College bid for and had received £628,000 to fund a project to deliver a brand new independent learning centre. This was funded through a BCIF4 application, and the project was completed and officially opened in July 2015.

Performance indicators

Our financial performance for 2014/15 against the relevant indicators is presented in *table 3* below:

Table 3		
Indicator	Target Bracket	2014/15 outcome
Cash days in hand	25+	38
Current ratio	1.5+	1.55
Performance ratio	3.58%	5.81%
Gearing ratio	3.72%	3.5%
Operating breakeven or surplus	0% or better	3.5%

Financial health

The College is committed to observing the importance of measures and indicators within the financial health framework. The College is required to complete the annual Finance Record for the Education Funding Agency ("EFA"). The Finance Record produces a financial health grading.

The Corporation considers the improved rating of 'Good' as an appropriate outcome for the year ended 31 July 2015.

FINANCIAL POSITION**Financial results**

The College generated an operating surplus in the year of £31,000 prior to reserve transfers (2013/14 - deficit of £359,000). The result in 2014/15 is stated after accounting for proceeds of £10,000 on the disposal of fixed assets and after an additional charge of £30,000 for FRS 17, pension provision.

The College has accumulated reserves of £2,301,000 (2013/14 £2,480,000) and cash and deposit balances of £603,000 (2013/14 £364,000). The College has a sound financial base with strong Income and expenditure Reserve funds.

Net tangible fixed asset additions during the year amounted to £686,000. This was split between a Building Condition Investment Fund (BCIF 3 and BCIF4) grant funded projects (£620,000) and smaller other capital equipment purchases, (totalling £66,000). The BCIF4 project incorporated an internal courtyard into an enclosed Independent Learning Centre. The new centre enables students to incorporate greater periods of private study during the college day. The converted space replaces a poor quality area and allows for more effective use plus significant improvements in energy efficiency. The new centre was officially opened on 9 July 2015.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2014/15 funding bodies provided 93% of the College's total income (2013/14 94%), the majority of which is received from the EFA. The College generated income from non-funded sources of £421,161 in 2014/15 (£347,715 in 2013/14). The majority of this income is earned through lettings to other charities and local educational groups.

As the funding bodies distribute funds on a lagged basis, EFA income reported in the respective years is based on 1,155 students for 2014/15 (1,120 students for 2013/14). Actual student numbers were 1,051 in 2014/15 and 1,155 in 2013/14. Although 2015/16 core EFA funding will be based initially on the lower population of 1,051 students, additional in year income for 2015/16 is expected. This will reflect the cessation of A level provision by a local provider and the consequential increase in enrolment numbers above the core funded level.

In 2014/15, actual pay costs at £4,189,698 were 2.5% lower than budget for the year but 2.0% higher than 2013/14, (although income increased by 3% year on year). The impact of in year secondment of a senior staff member for one term and a senior manager to other colleges during the year resulted in a significant saving on staff costs. However, the pay award of 1% effective from 1 September 2014 and the selective replacement of some staff, who left in the year contributed to the overall year on year increase.

In 2014/15 non pay costs at £1,259,000 were 17% less than budget and also against the out turn for 2013/14. This reduction reflects the impact of working with budget holders to ensure tight fiscal management supported by clear purchase ordering procedures. In both years the costs of student transport cost continue to be significant along with unplanned maintenance expenditure.

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.

Cash flows and liquidity

Operating activities generated a cash inflow of £446,000 against an outflow of £231,000 in 2013/14 which improved the cash position appreciably and was reflected in the closing balance of £603,000 compared with £364,000 in 2014.

College total debt at the end of 2015 was £313,000, which represents 13.6% of reserves.

The term loan from Barclays was taken out in 2012, is repayable over 15 years and was approved by the Board on 8 December 2011 and drawn down in February 2012. The loan from Salix Finance was interest free and repayable in eight 6 monthly instalments which commenced in March 2011 and was repaid in full during 2014-15.

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.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE**Student numbers**

During 2014-15 we enrolled 1,051 EFA-funded learners which was a decrease on the prior year figure of 1,155. The decrease was in line with expectations and reflected both a short-term decrease in the size of the local year 11 cohort which was partially mitigated by improved internal progression. We also continued to enrol a high number of students transferring from other colleges.

Student achievements and academic success

Our students achieve highly both academically and in terms of personal development. This year has seen extraordinary success for our Performing Arts students with the Rock Challenge dance team winning a national award and our musicians gaining a place in the final of Music for Youth and subsequently being invited to perform at the Schools Concert at the Royal Albert Hall. Sporting success also featured with national awards for individual student performances in trampolining and sprinting. We were proud to have two science students selected to serve as governors on the Southampton University Hospital Trust board and many of our students took part in community events such as Its Our England (run by John Denham) and the SCC Big Event where they led workshops for children from Southampton Schools.

Academically our Sixth Form Academy students repeated last year's excellent results by achieving 100% pass rate at A level with over 85% at A*-C grades. Overall success rates are similar to last year with level three being 1% higher, the result of improved retention and demonstrating sound progression from AS to A2 (ALPs). Students on extended vocational programmes demonstrated improved success rates with outstanding levels of achievement. Progression to level three was supported by an increase in GCSE Maths and English high grades (41% and 59% respectively) which outstrips the national norm where fewer than 10% of students achieve an A*-C grade.

Almost two-thirds of all our Level 3 qualified leavers progressed to highly selective universities and prestigious industrial training programmes. One third secured places at Russell Group or similarly selective institutions, including medical schools, specialist music and performing arts academies and conservatoires, and art schools.

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. Although we sit in a market where it is necessary to improve efficiency to meet the constant short term financial pressure, this is brought about largely through demographic changes and increased competition. Therefore, we review our curriculum offer annually to ensure we are meeting local needs. The introduction of a greater variety of level three BTEC courses has given greater opportunities for progression from level two and this is reflected in an increased progression rate.

Post balance sheet events.

There are no post balance sheets events to report.

Future Developments

The College seeks to improve capacity provided by the buildings on site through increased student numbers over the next 2 years.

The college aims to increase energy efficiency across the site through the introduction of energy efficient consumables, for example, lighting changes.

The College would like to consider greater local collaborative ways of working with other similar bodies while maintaining existing arrangements already in place.

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 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 Student Achievement Reports (SAR) which informs the identification of courses 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 focus on attainment is supported through interactions with local educational providers which enables us to have support and essential resources in the drive for continually raising standards and achievement, in particular across GCSE and level 3 courses. Our next step is to adopt a diagnostic model to ensure all students are carefully and appropriately assessed and intervention strategies put in place. This will be followed by a comprehensive system of test and retest to check real learning has taken place. Regular raising standards meetings will focus upon what has been done to intervene with students who need additional support, followed by 'fine grading' to identify students most likely to achieve the required grade, thereby allowing greater concentration on those students at greatest risk of failure.

We do not believe improved results will come from teachers working harder (as they already work exceptionally hard). We strongly believe that increasing opportunities for students' independent study and an early focus upon homework completion will set the standard for students working harder to improve their chances of success. Therefore, for 2014/15, 'Supported Study Sessions' will be added to the timetables of students who are considered at risk of underachievement.

Local collaborative working

Throughout the year we have continued to support the local educational provision through our liaison work within Southampton City and close environs. This includes close partnerships with both universities in the City – Solent and Southampton. We have a formal partnership accord in place with Solent University which supports a range of collaborative activities, including curriculum-specific projects. This and other collaborative work with the universities has contributed to a 20% increase in progression to university over the last 5 years. This is a very important development in a City where participation in HE is historically low (less than 30%).

Support for our Sixth Form Academy

The Richard Taunton Sixth Form Academy, provides specialist support and development activities for around 200 able and talented students. The work of the Academy is actively supported by the University of Southampton (UoS). An important example of this support is the scheme whereby UoS lecturers and post graduates visit the college to work with students completing the Extended Project Qualification. Speakers offer advice on the research techniques required for their projects, and also provide advice on admissions to the university and/or interview practice for those who have interviews for highly selective Russell Group universities, including Oxford and Cambridge. In this way, the work of our Academy tutors and their university colleagues supports the students in attaining their high aspirations for life post RTSFA. It is gratifying to be able to report that In 2014, one third of all students who progressed to university secured places at Russell Group and other research-based universities.

Training New Teachers

The Ofsted inspection in 2013 acknowledged the very high quality of our teaching and learning, and we are proud of the work we do 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), regularly taking up teaching practice placements here.

There have been a number of new developments this year which reinforce our already strong reputation as a leading provider of support for trainee teachers.

In 2014/15, the College built on its ongoing relationship with UoS as a preferred 'partner plus' with in the delivery of PGCE programmes designed for trainees wishing to move in to post-16 institutions. Our staff provided direct input to the delivery of the course, helping to select suitable candidates through interviews, and placing candidates here in suitable subject areas. We are pivotal to the delivery of training and professional development for the trainees as we deliver training to them at the university and our Professional mentor being the mentor for all of the students at the university. The strength of our input and of the programme as a whole was acknowledged by Ofsted inspectors when they inspected the pilot programme in Summer 2013. We increased the numbers of trainees for 2014/15 and such is the positive reputation of own staff that they are now delivering more formal training sessions to all trainees on the programme at the request of the university. We expect this trend to continue.

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

The College is a member of the Southampton Education Forum (SEF) which is a key strategic group in the city bringing together educational partners to promote curriculum development, success and participation. SEF has a Heads and Principals group (Vice-chaired by the Principal of this college) 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 staff develop in these networks around how best to provide effective transition and continuity of care for pupils moving from Yr 11 in school to Yr 12 in college.

Another important project for SEF is the 'Junior University' initiative designed to raise aspirations and improve progression to HE in the city. This involves active involvement and investment from representatives of the University of Southampton and from Solent University.

We continue to support careers events, work experience and grow our links with local employers through our continuing membership of Business South, the largest employers' network in the area.

Continuing to Play a Leading Role in Music Education: Southampton's Specialist Music Course

The College, through its excellent taught music provision, and state of the art facilities with rehearsals rooms and fantastic acoustics in all rooms and spaces, continues to take a leading role in supporting young peoples' progression in music and in providing them with opportunities for live music performance. During 2014/15 our students won awards through competitive performances at national

and local levels with creative, innovative and energetic productions. Our superb facilities are made available to external users of the college, in particular other educational and community based organisations. The extension of the music experience offered to our students and community groups rivals others and we are proud of being known for our provision as the 'Southampton Specialist Music Course', and in the facilitation of music making for the City of Southampton Orchestra, 2 of Southampton's Youth Orchestras, a Jazz band, a number of choirs, Bournemouth Symphony Orchestra and the Mayflower Theatre.

In 2014/15 the college welcomed students studying across broad curricular areas. Highlights of the year included, amongst many others, the following:

- Our Science, Technology, Engineering and Maths students celebrated success through participating with hundreds of local school pupils in a STEM Big Bang! Event held in conjunction with Winchester University, led by our inspirational teachers. This was a fantastic opportunity for students to exhibit work whilst learning about how they can progress in their education and now an embedded part of the curriculum.
- Our Business, IT and Childcare students celebrated success through successful participation in a Young Enterprise competition designed to help students learn about the world of commerce, and to develop key employability skills.
- Our Sports and Public Services students struck gold at the Association of Sport National College Championships, competing in trampolining, cross-country, swimming, table tennis and football, as well as representing the wider South east region at the competition. Our new Boxing
- Academy launched in 2014/15 allows students to try Olympic boxing for fitness and fun learning professional techniques of the sport from a senior ABA coach.
- Our Performing Arts students created their own theatre company called SPEAKING UP to raise awareness of social issues based on their own personal experiences. Formed by students studying BTEC musical theatre, the group drew on issues affecting young people to consider important social issues and in particular in 2014/15 raised awareness about autism.

- Our Humanities and Social Science students undertook a project engaging young people in debate about 'It's Our England'. This was a political discussion about the UK and how our acceptance of other cultures has changed the country and allowed students to express and challenge views within healthy debate.
- Our English, Language and Film students hosted a successful Poetry Slam with many local secondary schools and sixth form colleges taking part. Students read poetry written themselves which was judged by a panel of professional writers from the University of Southampton. This allowed students to showcase work and gain confidence in performing in front of a live audience.
- Our Art, Design and Media students hosted a successful summer exhibition of work which was widely applauded for its depth and breadth of skills on show. We achieved public recognition for the commitment to Unity 101 of one of our volunteer presenters on the college weekly radio show.

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

The vast majority of our provision is targeted at full-time 16-18 year old students and we receive funding (based on the previous year's student numbers) from the EFA to support this. A few students aged 19 and above also infill on to these day time programmes and (although funded through the Skills Funding Agency (SFA) 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.

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 are required to follow a programme of at least 540 hours study, which may also include 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. If any student has not achieved GCSE English / Maths at grade C or above, they will automatically have these subjects included in their programme.

Level 3 students

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

Students who achieve 6 grade A*, A or B GCSEs including English and Maths are eligible to join our Sixth Form Academy. Alongside their A level programmes, these students will also receive an enrichment programme (to include the Extended Project Qualification - EPQ) to support their application to selective universities.

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.

In their first year of study at level three, the majority of students will take four AS levels or an Extended Diploma plus one AS level (or GCSE Maths if they have not yet achieved grade C). In their second year most students will continue with three A levels and add a new AS, an EPQ, or take an enrichment course alongside their A levels. Students are expected to leave college after two years with a minimum of three A levels or their equivalent.

Pre-level 3 students

Students who have just missed their Cs in English and Maths and who have a steady C/D profile will follow a traditional one year Pre-advanced level programme where they work to achieve their English and Maths GCSE alongside a level 2 vocational or GCSE subject(s). We offer English IGCSE and Maths at GCSE as well as a Level 2 Cert in Use of Maths.

Students who do not meet these criteria and are assessed as requiring a 2 year programme will study English and Maths, plus an appropriate vocational option. The courses taken are dictated by students'

level of study and previous achievement. We know that for a level 2 repeater, achieving a grade C in year one is more difficult, in part because they also tend to lack literacy skills. For this reason a 2-year route is offered to these students (e.g. Cert in Use of Maths in year 1 and GCSE in year 2).

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.

Although some students may progress quickly enough after the first year to jump straight onto a level 3 programme, many will not and for these students the second year of the 2 year foundation include qualifications (e.g. Employability) to aid entry into an apprenticeship or the workplace.

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

PRINCIPAL RISKS AND UNCERTAINTIES

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 on 10 June 2014. Risk management is embedded into internal control through a system which brings

together elements that to 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 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 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 risks:

Changes in funding

A key factor which indicates an adverse risk to the college and one over which we have no control is changes in funding to Sixth Form Colleges. In Jan 2014 the EFA announced that from 2014/15 onwards, funding for students aged 18 and over will be reduced and although this loss was capped at 2% in 2014/15, and represented a reduction in funding to our College of £88,000, it highlighted vulnerability as over 90% of our income is from funded sources.

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 SFA funding. This is an outcome of SFA targeting adult skills funding at colleges who provide apprenticeships, which we do not. We can expect our allocation to continue to decline each year if we do not instigate apprenticeship provision.

Declining demographic of 16-18 year olds in Southampton area

The local area remains saturated with providers of education to 16-19+ students. During 2014/15 we witnessed the decline of a local sixth form college and at a time when there is increasing competition from providers outside of the city. This was coupled with an increase in subsidised transportation solutions being offered by many institutions in order to attract or retain new/existing students.

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

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 2014 to 31 July 2015, the college paid 99% (2013/14 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 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.

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 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 auditors are aware of that information.

Approved by order of the Corporation on 10 December 2015 and signed on its behalf by:



Roger Woolley

Chair of Corporation

PROFESSIONAL ADVISERS:

Financial Statement & Regularity Auditors:

RSM UK Audit LLP (formally Baker Tilly UK Audit LLP)
Davidson House, Forbury Square
Reading
Berkshire
RG1 3EU

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
BN11 1QR

Statement of Corporate Governance and Internal Control

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

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership); 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 Corporation

The members who served on the Corporation during the year and up to the date of signature of this report were as listed in the Table 3 below.

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

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

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are: finance and resources; 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.

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

Table 3: Governors serving on the College Board during 2014/15

	Appointed/ Reappointed	Term of Office	Date ended	Status of appointment	Committees served	Attendance
Mr R Martin Chair to Dec 2014	Sept 2011	4 yrs	September 2015	External member	SSQI, F&P, G&S, REM, Bd	13/16
Dr H Slater Vice Chair to July 2015	Sept 2011	4 yrs	September 2015	External member	Audit, G&S, REM, HR, F&R, Bd	15/15
Mr R Woolley Chair from Dec 2014	Dec 2011	4 yrs*	N/A	External member	F&P, REM, G&S, F&R, Bd	16/16
Prof J Anderson Vice Chair from July 2015	May 2013	4 yrs	N/A	External member	SSQI, REM, Bd	7/9
Prof G Mizon	May 2013	4 yrs	November 2014	External member	HR, F&P, Bd	2/3
Mr P Need	Sep 2013	4 yrs	N/A	External member	Audit, HR, G&S, Bd	8/8
Mrs A Foss	May 2014	4 yrs	N/A	External member	SSQI, Bd	7/8
Mr E Osmond	May 2011	4 yrs	May 2015	External member	Audit, Bd	5/5
Mr I Golding	Dec 2012	4 yrs	NA	External member	HR, F&R, Bd	5/7
Mr J Singh	Dec 2013	4 yrs	N/A	External member	HR, F&R, Bd	2/7
Mr C Harrison	Oct 2014	4 yrs	N/A	Staff member	SSQI, Bd	6/7
Mr S Randall	Oct 2014	4 yrs	N/A	Staff member	Audit, Bd	7/7
Ms S Kaur	Dec 2013	4 yrs	N/A	External member	F&P, F&R, Bd	4/8
Mr R Hall	Oct 2014	4 yrs	N/A	External member	F&P, F&R, Bd	6/7
Ms S Dovey	June 2015	4 yrs	N/A	External member	Bd	1/1
Ms V Clark	Dec 2013	3 yrs	N/A	Parent member	SSQI, F&R, Bd	9/10
Mr G Hindle	Dec 2014	3 yrs	N/A	Parent member	SSQI, Bd	3/4
Ms I Al Jabbar	Mar 2014	1 yr	March 2015	Student member	SSQI, Bd	5/5
Mr H Benham	Mar 2014	1 yr	March 2015	Student member	SSQI, Bd	5/5
Ms R Leaity	Mar 2015	1 yr	N/A	Student member	SSQI, Bd	3/3
Mr D Pearce	Mar 2015	1 yr	N/A	Student member	SSQI, Bd	3/3
Mr M Kelly	Oct 2015	4 yrs	N/A	External member	Audit, Bd	N/A

Mr A James	Oct 2015	4 yrs	N/A	External Member	F&R, Bd	N/A
Mrs A Wrighton	Aug 2008	Ex Officio	N/A	Principal	SSQI, HR, F&P, G&S, REM, F&R, Bd	19/19
Mrs C Jones, appointed as clerk in September 2010						

Key: SSQI – Students, Standards and Quality Improvement, F&P – Finance & Premises (became F&R Finance and Resources in December 2014 after merge with Human Resources Committee), G&S – Governance & Search, HR – Human Resources, REM - Remuneration

* extended Term of Office due to promotion to Chair. Permitted in I&A.

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

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.

Remuneration Committee

Throughout the year ending 31 July 2015, the College's Remuneration Committee comprised six 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 year ended 31 July 2015 are set out in note 6 to the financial statements.

Audit committee

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

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal, regularity and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from 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 both audit and non-audit work as well as reporting annually to the Corporation.

Internal control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies,

aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Financial 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 year ended 31 July 2015 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

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

The risk and control framework

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

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

Richard Taunton Sixth Form College has an internal audit service, which operates in accordance with the requirements of the EFA and SFA's *Joint Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At minimum annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

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

- the work of the internal auditors
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements auditors, the regularity auditors, the appointed funding auditors (for colleges subject to funding audit) 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 2015 meeting, the Corporation carried out the annual assessment for the prior year ended 31 July 2015 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2015.

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".

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

The Corporation has considered its responsibility to notify the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the College and the EFA.

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

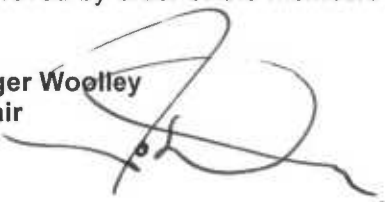
We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the EFA.

Going concern

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

Approved by order of the members of the Corporation on 10 December 2015 and signed on its behalf by:

Roger Woolley
Chair



Alice Wrighton
Accounting Officer



Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the Funding Agreement between the Education Funding Agency, the EFA, and the Corporation of the College, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2007 *Statement of Recommended Practice – Accounting for Further and Higher Education Institutions* and the *Accounts Direction for 2014 to 2015 financial statements* issued jointly by the Skills Funding Agency and the EFA, and which give a true and fair view of the state of affairs of the College and the result for that year.

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

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

The Corporation is also required to prepare an Operating and Financial Review which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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

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

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

Approved by order of the members of the Corporation on 10 December 2015 and signed on its behalf by:



Roger Woolley

Chair

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF RICHARD TAUNTON SIXTH FORM COLLEGE

We have audited the College financial statements ("the Financial Statements") set out on pages 22 to 43. The financial reporting framework that has been applied in their preparation is United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) as set out in our engagement letter dated 1 April 2014.

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education Funding Agency and our engagement letter dated 1 April 2014. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are required under our engagement letter dated 1 April 2014 to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Corporation of Richard Taunton Sixth Form College and Auditor

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 which give a true and fair view.

Our responsibility is to audit, and express an opinion on, the Financial Statements in accordance with the terms of our engagement letter dated 1 April 2014, Joint Audit Code of Practice issued by the Skills Funding Agency and Education Funding Agency and International Standards on Auditing (UK and Ireland). The International Standards on Auditing (UK and Ireland) require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2015 and of the College's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Joint Audit Code of Practice issued jointly by the Skills Funding Agency and the Education Funding Agency 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.

RSM UK Audit LLP

RSM UK AUDIT LLP (formally Baker Tilly UK Audit LLP)

Chartered Accountants

Reading

Berkshire

RG1 3EU

Date

18/12/15

Income and Expenditure Account

	Notes	2015 £'000	2014 £'000
INCOME			
Funding body grants	2	5,525	5,415
Tuition fees and education contracts	3	58	21
Other income	4	361	326
Endowment and investment income	5	-	1
Total income		5,944	5,763
EXPENDITURE			
Staff costs	6	4,210	4,138
Other operating expenses	8	1,259	1,502
Depreciation	11	435	451
Interest and other finance costs	9	20	31
Total expenditure		5,924	6,122
Surplus/(Deficit) on continuing operations after depreciation of assets at valuation but before tax		21	(359)
Surplus on disposal of assets		10	-
Surplus/(Deficit) on continuing operations after depreciation of assets at valuation and disposal of assets and tax	10	31	(359)
Surplus/(Deficit) for the year retained within general reserves		31	(359)

The income and expenditure account is in respect of continuing activities.

Statement of Historical Cost Surpluses and Deficits

	Notes	2015 £'000	2014 £'000
Surplus/(Deficit) on continuing operations before taxation		31	(359)
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	16	74	74
Historical cost surplus/(deficit) for the year after taxation		105	(285)

Statement of Total Recognised Gains and Losses

	Notes	2015 £'000	2014 £'000
Surplus/(Deficit) on continuing operations after depreciation of assets at valuation and disposal of assets and tax		31	(359)
Actuarial (loss)/gain in respect of pension scheme	24	(210)	40
Total recognised loss since last report		(179)	(319)

Reconciliation

	2015 £'000	2014 £'000
Opening Reserves	2,480	2,799
Total recognised losses for the year	(179)	(319)
Closing Reserves	2,301	2,480

Balance sheet as at 31 July 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	11	8,887	8,638
Current assets			
Debtors	12	89	59
Cash at bank and in hand		603	364
Total current assets		692	423
Less: Creditors – amounts falling due within one year	13	(627)	(494)
Net current assets /(liabilities)		65	(71)
Total assets less current liabilities		8,952	8,567
Less: Creditors – amounts falling due after more than one year	14	(286)	(313)
Net assets excluding pension liability		8,666	8,254
Net pension liability	24	(1,870)	(1,630)
NET ASSETS INCLUDING PENSION LIABILITY		6,796	6,624
Deferred capital grants	16	4,495	4,144
Income and expenditure account excluding pension reserve	18	1,504	1,369
Pension reserve	25	(1,870)	(1,630)
Income and expenditure account including pension reserve	18	(366)	(261)
Revaluation reserve	17	2,667	2,741
Total reserves		2,301	2,480
TOTAL		6,796	6,624

The financial statements on pages 24 to 48 were approved and authorised for issue by the Corporation on 10 December 2015 and were signed on its behalf on that date by:

Roger Woolley
Chair

Alice Wrighton
Accounting Officer

Cash Flow Statement

	Notes	2015 £'000	2014 £'000
Cash inflow/(outflow) from operating activities	18	446	(231)
Returns on investments and servicing of finance	19	(10)	(10)
Capital expenditure and financial investment	20	(165)	(20)
Management of liquid resources	21	-	600
Financing	22	(31)	(106)
		<hr/>	<hr/>
Increase in cash in the year		240	233
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net funds/(debt)			
Increase in cash in the period		240	233
Cash outflow/(inflow) from liquid resources	21	-	(600)
Net cash outflow from financing	22	31	106
		<hr/>	<hr/>
Movement in net funds in the period		271	(261)
Net funds at 1 August	23	19	280
		<hr/>	<hr/>
Net funds at 31 July		290	19
		<hr/>	<hr/>

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.

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: *Accounting for Further and Higher Education 2007* (the SORP), the Accounts Direction for 2014-15 financial statements and in accordance with applicable Accounting Standards.

Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review. The financial position of the College, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes. The College currently has £313k of loans outstanding with bankers on terms negotiated in 2012. Additionally there is £300,000 of uncommitted facility available for unconditional drawdown. The terms of the existing loan agreement are for up to another 12 years. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future. Accordingly the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Basis of accounting

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

Recognition of income

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the adult 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.

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

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors, 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. Income from restricted purpose endowment funds not expended in accordance with the restrictions of the endowment in the period is transferred from the income and expenditure account to accumulated income within endowment funds.

Notes to the Accounts (continued)**1. Accounting policies (continued)****Post retirement benefits**

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

Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 24, the TPS is a multi employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

Enhanced Pensions

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

Tangible fixed assets*Land and buildings*

Land and buildings inherited from the local education authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

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

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

Notes to the Accounts (continued)

1. Accounting policies (continued)

Assets under construction

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

Subsequent expenditure on existing fixed assets

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

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

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 and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the local education authority is included in the balance sheet at valuation.

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

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

Leased assets

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

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.

Notes to the Accounts (continued)

1. Accounting policies (continued)

Leased assets (continued)

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.

Investments and endowment assets

Listed investments held as fixed assets or endowment assets are stated at market value. Current asset investments, which may include listed investments, are stated at the lower of their cost and net realisable value.

Stocks

Stocks 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. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Liquid resources

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

Provisions

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

Notes to the Accounts (continued)**1. Accounting policies (continued)****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 28, 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 Funding body grants

	2015	2014
	£'000	£'000
Recurrent grant - funding bodies	5,365	5,288
Releases of deferred capital grants (note 15)	160	127
	<hr/>	<hr/>
Total	5,525	5,415
	<hr/>	<hr/>

3 Tuition fees and education contracts

	2015	2014
	£'000	£'000
Tuition fees	58	21
	<hr/>	<hr/>
Total	58	21
	<hr/>	<hr/>

4 Other Income

	2015	2014
	£'000	£'000
Lettings	200	134
Other	161	192
	<hr/>	<hr/>
Total	361	326
	<hr/>	<hr/>

5 Endowment and investment income

	2015 £'000	2014 £'000
Other interest receivable	-	1
Total	-	1

6 Staff costs

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

	2015 No.	2014 No.
Teaching staff	56	57
Non teaching staff	56	54
	112	111

Staff costs for the above persons

	2015 £'000	2014 £'000
Wages and salaries	3,466	3,405
Social security costs	240	241
Other pension costs	504	492
	4,210	4,138

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

	Senior post-holders	
	2015 No.	2014 No.
£20,001 to £30,000	2	1
£30,001 to £40,000	-	-
£40,001 to £50,000	-	-
£50,001 to £60,000	-	2
£60,001 to £70,000	1	1
£80,001 to £90,000	-	-
£90,001 to £100,000	1	1
	4	5

7 Senior post-holders' emoluments

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

	2015 No.	2014 No.
The number of senior post-holders including the Accounting Officer was:	4	5

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

	2015 £'000	2014 £'000
Salaries	209	284
Pension contributions	29	39
Total emoluments	238	323

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

	2015 £'000	2014 £'000
Salaries	94	93
Pension contributions	13	13

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

Compensation for loss of office paid to a former senior post-holder

	2015 £	2014 £
Compensation paid to the former post-holder	-	5,000

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.

8 Other operating expenses

	2015 £'000	2014 £'000
Teaching costs	205	302
Non teaching costs	769	898
Premises costs	285	302
	<u>1,259</u>	<u>1,502</u>
Total	1,259	1,502

Other operating expenses include:

	2015 £'000	2014 £'000
Auditors' remuneration:		
Financial statements audit	14	13
Internal audit	11	13
Hire of plant and machinery – operating leases	5	5
Hire of other assets – operating leases	16	18
	<u>16</u>	<u>18</u>

9 Interest payable

	2015 £'000	2014 £'000
On bank loans, overdrafts and other loans:		
Repayable wholly or partly in more than five years	10	11
Pension finance costs (note 24)	10	20
	<u>10</u>	<u>20</u>
Total	20	31

10 Deficit on continuing operations for the period

The deficit on continuing operations for the year is made up as follows:

	2015 £'000	2014 £'000
College's surplus (deficit) for the period	<u>31</u>	<u>(359)</u>

11 Tangible fixed assets

	Land and Freehold	Equipment	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 August 2014	10,329	2,804	13,133
Additions	551	135	686
Disposals	-	(4)	(4)
At 31 July 2015	10,880	2,935	13,815
Depreciation			
At 1 August 2014	2,662	1,833	4,495
Charge for the year	191	244	435
Disposals		(2)	(2)
At 31 July 2015	2,853	2,075	4,928
Net book value at 31 July 2015	8,027	860	8,887
Net book value at 31 July 2014	7,667	971	8,638

The transitional rules set out in FRS 15 Tangible Fixed Assets have been applied on implementing FRS 15. Accordingly the book values at implementation have been retained.

Land and Buildings were revalued as at April 1 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.

Notes to the Accounts (continued)**12 Debtors**

	2015	2014
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	65	25
Prepayments and accrued income	23	33
Other debtors	1	1
Total	<u>89</u>	<u>59</u>

13 Creditors: amounts falling due within one year

	2015	2014
	£'000	£'000
Bank loans and overdrafts	27	31
Payments received in advance	37	41
Trade creditors	106	73
Amounts owed to the EFA	225	183
Other taxation and social security	134	135
Accruals	98	31
Total	<u>627</u>	<u>494</u>

14 Creditors: amounts falling due after one year

	2015	2014
	£'000	£'000
Bank loans	286	313
Total	<u>286</u>	<u>313</u>

15 Borrowings**(a) Bank loans and overdrafts**

Bank loans and overdrafts are repayable as follows:

	2015 £'000	2014 £'000
In one year or less	27	31
Between one and two years	31	27
Between two and five years	80	80
In five years or more	175	207
Total	313	345

An interest free loan of £33,760 was received from Salix Finance in support of energy saving equipment purchased in year. The loan is repayable in eight six monthly instalments commencing in March 2011. This loan is now re-paid in full. 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.

16 Deferred capital grants

	Funding body grants
	£'000
At 1 August 2014	4,144
Released to income and expenditure account	(160)
Grants received	511
At 31 July 2015	4,495

17 Revaluation reserve

	2015 £'000	2014 £'000
At 1 August	2,741	2,815
Transfer from revaluation reserve to general reserve in respect of:		
Depreciation on revalued assets	(74)	(74)
At 31 July	<u><u>2,667</u></u>	<u><u>2,741</u></u>

18 Movement on general reserves

	2015 £'000	2014 £'000
Income and expenditure account reserve		
At 1 August	(261)	(16)
Surplus/(deficit) retained for the year	31	(359)
Transfer from revaluation reserve	74	74
Actuarial (loss)/gain in respect of pension scheme	(210)	40
At 31 July	<u><u>(366)</u></u>	<u><u>(261)</u></u>
Balance represented by:		
Pension reserve	(1,870)	(1,630)
Income and expenditure account reserve excluding pension reserve	1,504	1,369
At 31 July	<u><u>(366)</u></u>	<u><u>(261)</u></u>

Notes to the Accounts (continued)**19 Reconciliation of consolidated operating surplus to net cash inflow from operating activities**

	2015 £'000	2014 £'000
Deficit on continuing operations after depreciation of assets at valuation	31	(359)
Depreciation (notes 1 and 10)	435	451
Deferred capital grants released to income (note 15)	(160)	(127)
Interest payable (note 8)	20	31
Interest receivable (note 4)	-	(1)
FRS 17 pension cost less contributions payable (note 24)	20	30
Decrease/(increase) in debtors	(30)	(26)
Increase/(decrease) in creditors	138	(230)
Profit on disposal of fixed assets	(8)	-
Net cash inflow/(outflow) from operating activities	446	(231)

20 Returns on investments and servicing of finance

	2015 £'000	2014 £'000
Other interest received	-	1
Interest paid	(10)	(11)
Net cash outflow from returns on investment and servicing of finance	(10)	(10)

21 Capital expenditure and financial investment

	2015 £'000	2014 £'000
Purchase of tangible fixed assets	(686)	(1,379)
Deferred capital grants received	511	1,359
Proceeds from disposal of fixed assets	10	-
Net cash outflow from capital expenditure and financial investment	(165)	(20)

Notes to the Accounts (continued)**22 Management of liquid resources**

	2015 £'000	2014 £'000
Withdrawals from deposits	-	600
Net cash inflow from management of liquid resources	-	600

23 Financing

	2015 £'000	2014 £'000
Debt due beyond a year:		
Repayment of amounts borrowed	(31)	(106)
Net cash outflow from financing	(31)	(106)

24 Analysis of changes in net funds

	At 1 August 2014 £'000	Cash flows £'000	At 31 July 2015 £'000
Cash in hand, and at bank	364	239	603
	<u>364</u>	<u>239</u>	<u>603</u>
Debt due within 1 year	(31)	4	(27)
Debt due after 1 year	(313)	27	(286)
Total	<u>20</u>	<u>270</u>	<u>290</u>

Notes to the Accounts (continued)**25 Pension and similar obligations**

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

Total pension cost for the year	2014/15 £'000	2013/14 £'000
Teachers Pension Scheme: contributions paid	314	312
Local Government Pension Scheme: Contributions paid	160	150
FRS 17 charge	30	30
Charge to the Income and Expenditure Account (staff costs)	190	180
Total Pension Cost for Year	504	492

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 2013. Contributions amounting to £41,890 and £19,477 were payable to the TPS and LGPS respectively at 31st July and are included within Creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 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. The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates were set at 16.4% of pensionable pay;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay.

The new employer contribution rate for the TPS will be implemented in September 2015.

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

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

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

Scheme Changes

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

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

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

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

The pension costs paid to TPS in the year amounted to £314,000 (2014: £312,000)

Notes to the Accounts (continued)**25 Pension and similar obligations (continued)****FRS 17**

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 July 2015 was £230,000, of which employer's contributions totalled £170,000 and employees' contributions totalled £60,000. The agreed contribution rates for future years are 13.1 percent for employers and range from 5.5% to 7.5% percent for employees.

FRS 17**Principal Actuarial Assumptions**

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

	At 31 July 2015	At 31 July 2014
Salary Increases	3.60%	3.70%
Pension Increases	2.10%	2.20%
Pensions Account Revaluation rate	2.10%	2.20%
Discount rate for scheme liabilities	3.60%	4.10%
Commutation of pensions to lump sums	75%	75%

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

	At 31 July 2015	At 31 July 2014
<i>Retiring today</i>		
Males	24.50	24.40
Females	26.30	26.20
<i>Retiring in 20 years</i>		
Males	26.60	26.50
Females	28.60	28.50

25 Pension and similar obligations (continued)**Local Government Pension Scheme (continued)**

The assets and liabilities in the scheme (of which the college's share is estimated to be 0.056%) and the expected rates of return were:

	Long-term rate of return expected at 31 July 2015	Value at 31 July 2015	Long-term rate of return expected at 31 July 2014	Value at 31 July 2014
		£'000		£'000
Equities	7.00%	1,961	7.50%	1,776
Government Bonds	2.50%	880	3.20%	705
Corporate Bonds	3.10%	58	3.70%	38
Property	6.20%	280	6.80%	227
Cash	1.10%	112	1.10%	112
Other	7.00%	119	7.50%	92
Total market value of assets		3,410		2,950
Present value of scheme liabilities				
- Funded		(5,280)		(4,580)
Deficit in the scheme		(1,870)		(1,630)

Analysis of the amount charged to income and expenditure account

	2015 £'000	2014 £'000
Employer service cost (net of employee contributions)	190	190
Past service cost	-	-
Total operating charge	190	190

Analysis of pension finance costs

Expected return on pension scheme assets	180	190
Interest on pension liabilities	(190)	(210)
Pension finance costs	(10)	(20)

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

	2015 £'000	2014 £'000
Actual return less expected return on pension scheme assets	(210)	40
Change in financial and demographic assumptions underlying the scheme liabilities	-	-
Actuarial gain/(loss) recognised in STRGL	(210)	40

25 Pension and similar obligations (continued)**Local Government Pension Scheme (continued)****Movement in surplus/(deficit) during year**

	2015	2014
	£'000	£'000
Deficit in scheme at 1 August	(1,630)	(1,620)
Movement in year:		
Employer service cost (net of employee contributions)	(190)	(190)
Employer contributions	170	160
Past service cost	-	-
Net interest/return on assets	(10)	(20)
Actuarial gain or loss	(210)	40
Deficit in scheme at 31 July	<u>(1,870)</u>	<u>(1,630)</u>

Asset and Liability Reconciliation

	2015	2014
	£'000	£'000
Reconciliation of Liabilities		
Liabilities at start of period	4,580	4,580
Service cost	190	190
Interest cost	190	210
Employee contributions	60	50
Actuarial losses/(gains)	380	(390)
Benefits paid	(120)	(60)
Past Service cost	-	-
Liabilities at end of period	<u>5,280</u>	<u>4,580</u>
Reconciliation of Assets		
Assets at start of period	2,950	2,960
Expected return on assets	180	190
Actuarial gain/(loss)	170	(350)
Employer contributions	170	160
Employee contributions	60	50
Benefits paid	(120)	(60)
Assets at end of period	<u>3,410</u>	<u>2,950</u>

The estimated value of employer contributions for the year ended 31st July 2016 is £180,000.

25 Pension and similar obligations**Local Government Pension Scheme (Continued)****History of experience gains and losses**

	2015	2014	2013	2012	2011
Difference between the expected and actual return on assets:					
Amount £'000	170	(350)	260	(50)	(120)
Experience gains and losses on scheme liabilities:					
Amount £'000	20	230	-	(20)	160
Total amount recognised in STRGL:					
Amount £'000	(210)	40	160	(430)	(70)

26 Post-balance sheet events

There were no post balance sheet events

27 Capital commitments

	2015 £'000	2014 £'000
Commitments contracted for at 31 July	-	85
Authorised but not contracted at 31 July	-	-

28 Financial commitments

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

	2015 £'000	2014 £'000
Other		
Expiring within two and five years inclusive	23	23
	<u>23</u>	<u>23</u>

29 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.

Transactions with the funding bodies are detailed in notes 2, 12, and 15 and 28.

30 Amounts disbursed as agent**Learner support funds**

	2015 £'000	2014 £'000
Funding body grants – hardship funds	229	184
	<u>229</u>	<u>184</u>
Disbursed to students	(184)	(181)
Balance unspent as at 31 July, included in creditors	<u>45</u>	<u>3</u>

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the income and expenditure account. 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.

31 Current asset investments

Current asset investments represent cash balances held on deposit. The College had no balances on deposit as at 31 July 2015.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF RICHARD TAUNTON SIXTH FORM COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 1 April 2014 and further to the requirements of the funding agreement with the Education Funding Agency we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Richard Taunton Sixth Form College during the period 1 August 2014 to 31 July 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

Respective responsibilities of Richard Taunton Sixth Form College and the reporting accountant

The corporation of Richard Taunton Sixth Form College is responsible, under the 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.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Joint Audit Code of Practice. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2014 to 31 July 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities accounts have been prepared to 31 July 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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 high level financial control areas where we identified areas where a material irregularity is likely to arise. We undertook detailed testing, based on our identification of the 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 on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2014 to 31 July 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

RSM UK Audit LLP

RSM UK AUDIT LLP (formally Baker Tilly UK Audit LLP)

Chartered Accountants

Reading

Berkshire

RG1 3EU

Date 18/12/15