Seevic College

Report and Financial Statements

for the year ended 31 July 2016

Key Management Personnel, Board of Governors and Professional advisers

Key management personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2015/16:

Nicholas Spenceley Principal and CEO retired 29th July 2016; Accounting officer to 4th May 2016
Daniel Pearson Principal, CEO and Accounting officer from 5th May 2016
John Driver Deputy Principal Quality & Curriculum to 31st August 2016
Bruce Balicki Deputy Principal Finance & Resources
John Revill Vice Principal Management Information Systems

Board of Governors

A full list of Governors is given on page 11 of these financial statements.

Mrs T Cope acted as Clerk to the Corporation throughout the period.

Professional advisers

Financial statements auditors and reporting accountants:

RSM UK Audit LLP
Marlborough House
Victoria Road South
Chelmsford

Internal auditors:

Scrutton Bland
Fitzroy House
Crown Street
Ipswich

Bankers:

Barclays Bank PLc
Priory Place
Level 3
New London Road
Chelmsford

Solicitors:

Birketts LLP
Brierly Place
New London Road
Chelmsford

CONTENTS

Members' Report

Nature, Objectives and Strategies:

The members present their report and the audited financial statements for the year ended 31 July 2016.

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Post 16 education. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

The Corporation was incorporated as South East Essex Sixth Form College. On 21 July 1995, the Secretary of State granted consent to the Corporation to change the College's name to Seevic College.

The College did not exercise its right to designate as a Sixth Form College in 2010 and now identifies itself as a General Further Education College.

Mission

The College Mission Statement, approved by members is:

To be responsive to the needs of the community, working in partnership to promote and provide a range of high quality learning opportunities

Public Benefit

Seevic College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education as Principal Regulator for all FE Corporations in England. The members of the Corporation, who are trustees of the charity, are disclosed on page 11.

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

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

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce

The delivery of other public benefits is covered throughout the Members Report.

Implementation of strategic plan

In July 2015 the College adopted a strategic plan for the period 1 August 2015 to 31 July 2017. This strategic plan includes property and financial plans. The Corporation monitors the performance of the College against these plans which are reviewed and updated each year. The College's continuing strategic objectives are to:

- Increase the provision of outstanding teaching and learning
- Develop employable learners with outstanding outcomes
- Develop a strong reputation for meeting local needs
- Develop new ways of working to maintain financial viability
- Develop and support our staff
- Promote a safe, tolerant and diverse community

The College is on target for achieving these objectives.

The College's specific objectives for 2015/16 were:

- Student attendance, punctuality, retention, achievement and value added

Members' Report (continued)

- Teaching that embodies high expectations and focus on individual need
- Reputation - placing Seevic College back at the top of the list of local post-16 providers, with a strong 6th Form
- Recruitment - maintaining healthy enrolment levels in the face of increasing competition and falling year 11 numbers
- Teamwork and morale - develop aspiring new leaders
- Business development - reducing our dependency on EFA 16-18 funding by growing apprenticeships and higher education
- A Community College - grow our foundation learning provision

The College is on target for achieving these objectives with actual performance of specific targets highlighted under performance indicators below.

Financial objectives

The College's financial objectives are:

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

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

	Target	Actual
Cash days in hand	> 25 days	54.4 days
Operating position	Operating surplus	deficit
Current ratio	>= 1.0	0.93

Performance indicators

The College uses a number of KPIs, internally as well as the measure assessed externally such as Financial Health, and these are set out in Appendix 1 of the strategic plan. The targets and the college's performance in 2015/16 against them, are set out in the following table:

	Target	Actual
Attendance	95%	90%
Retention	95%	90%
Value added	2	4,5 & 5
Success Rate whole college (16 sub-groups)	90%	82%
Observation grades (% Grade 1 & 2)	84%	87%

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.UK website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Skills Funding Agency. The College is assessed by the Skills Funding Agency as having a "Good" financial health grading. The current rating of Good is considered an acceptable outcome.

FINANCIAL POSITION

Financial results

The College generated a deficit before other gains and losses in the year of £178,000 (2014/15: £2,000), with total comprehensive income of £479,000, (2014/15: (£377,000)).

The College has accumulated reserves of £4,939,000, (2014/15: £4,366,000) and cash and short term investment balances of £2,120,000, (2014/15: £1,655,000). The College wishes to continue to accumulate reserves and cash balances in order to create a contingency fund.

Members' Report (continued)

Tangible fixed asset additions during the year amounted to £576,000. This was split between additions to land and buildings of £286,000 and equipment purchased of £290,000. In the main, this related to the construction of a new building on main site. The building cost £196,000 and will be sub-let to the Glenwood school on a short term lease.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2015/16 the FE funding bodies provided 83% of the College's total income.

Treasury policies and objectives

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

The College has a separate treasury management policy in place.

Cash flows and liquidity

At £1.395 million (2014/15 £486,000), net cash flow from operating activities was reasonably strong.

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 this margin was comfortably exceeded.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2015/16 the College has delivered activity that has produced £11,578,000 in funding body main allocation funding (2014/15 – £12,092,000). The College had approximately 2,449 funded and nil non-funded 16-18 students.

Student achievements

Success rates in 2015/16 remained at 82%

Curriculum developments

Applications during the year remained high, and recruitment is within 1% of the target for 2016/17. There has been continued growth in provision for students with Learning Difficulties and Disabilities, and the College is seen as a county hub by the local authority.

The College's own discreet apprenticeship provision continues to grow with actual success rates matching national rates overall. Success rates for AAT level 2 and level 3 are within the top 10% nationally. In line with government expectations, there is a phased process of reducing the sub-contracted element and replacing it with direct delivery. Adult provision outside of apprenticeships is now very small because of the significant cuts in SFA funding nationally. The College has never had large provision of this nature, so was not significantly exposed by the cuts compared with most FE colleges, but they have had some impact.

The college's commitment to Higher Education continues, but on a small scale. The relationship with the University of Hertfordshire is good, with continued strong recruitment and outcomes for the Honours Degree in Early Years. The College also continues to run HND programmes with direct student numbers from HEFCE.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2015 to 31 July 2016, the College paid 83.4 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Members' Report (continued)

Events after the end of the reporting period

There were no significant post balance sheet events to report.

Future prospects

The forthcoming Area Review (which commenced on 7th November 2016) has dominated planning for 2017, with a strategic reassessment being conducted of the College's main pathways (A-Level, Vocational, Foundation, Apprenticeships and HE). Governors and senior leadership will be considering a curriculum plan that shows alignment with local and regional needs, coupled with financial sustainability.

RESOURCES:

The College has various resources that it can deploy in pursuit of its strategic objectives. Tangible resources include the main college site, whilst the Church Walk House building is subject to a separate sub-lease to NCB Studio School.

Financial

The College has £9.669 million of net assets (including £3.227 million pension liability) and long term debt of £2.022 million.

People

The College employs 255 people (expressed as full time equivalents), of whom 129 are teaching staff.

Reputation

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

PRINCIPAL RISKS AND UNCERTAINTIES:

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

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

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

This is supported by a risk management training programme to raise awareness of risk throughout the College.

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

1 Government funding

The College has considerable reliance on continued government funding through the further education sector funding bodies. In 2015/16, 89% of the College's revenue was ultimately publicly funded and this level of requirement is expected to continue. There are can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Members' Report (continued)

This risk is mitigated in a number of ways:

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

2 Local competition

The College has operated in a highly competitive market for a number of years, although the opening up of two new sixth forms in local schools will increase the pressure on the recruitment of students. The College seeks to minimise the risk against local competition in a numbers of ways including:

- Continually working to ensure that success rates and value added meet or exceed national rates
- Offering an unrestricted choice of subject combinations.
- Adhering to a culture of respect and responsibility in order to provide an environment which encourages learners to achieve their maximum potential.

3 Maintain adequate funding of pension liabilities

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

4 Area based reviews

The college is included in wave 5 of the area based reviews which commenced in November 2016 and will conclude in March 2017. This process has provided governor's with the opportunity to review its mission and place within the local community and how it might rationalise its operations going forward. The college is currently engaging with stakeholders and other providers in order to achieve the best outcome for all involved.

STAKEHOLDER RELATIONSHIPS

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

- Students;
- Staff;
- Governors
- Education sector funding bodies;
- FE Commissioner
- Local employers (with specific links);
- Local authorities;
- Local Enterprise Partnerships (LEPs);
- The local community;
- Other FE institutions;
- Trade unions;
- Professional bodies.

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

Equal opportunities

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value the differences in race, gender, sexual orientation, disability, religion or belief and age within our college. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis. The College's Equal Opportunities Policy is published on the College's Intranet site.

Members' Report (continued)

The College publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College undertakes equality impact assessments on all new policies and procedures and publishes the results. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

The College is a 'Positive about Disabled' employer and has committed to the principles and objectives of the Positive about Disabled standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues.

The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

Disability statement

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

a) As part of its accommodation strategy the College updated its access audit. Experts in this field conducted a full access audit during 2008/09, and the results of this formed the basis of funding capital projects aimed at improving access.
b) The College has appointed an Access Co-ordinator, who provides information, advice and arranges support where necessary for students with disabilities.
c) There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the learning centre.
d) The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place, are dealt with under the complaints policy.
e) The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
f) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
g) Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

Disclosure of information to auditor

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

Approved by order of the members of the Corporation on 20th December 2016 and signed on its behalf by:

Robert Gildie

Chair

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2015 to 31st July 2016 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

i. In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
ii. In full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code"); and
iii. Having due regard to the UK Corporate Governance Code 2014 insofar as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the Code.

In the opinion of the Governors, the College complies with/exceeds all the provisions of the Code, and it has complied throughout the year ended 31 July 2016. The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 15th December 2015.

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

Statement of Corporate Governance and Internal Control

The Corporation

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

	Date of Appointment	Term of office ends	Date of resignation	Status of appointment	Committees served	Attendance
Richard Kirkham	25/4/2009Re-appointed 1/08/2012 Re-appointed 11/03/2014	31/07/2016		Ordinary member	Chair of Corporation to 31/07/16 Finance & General Purposes (Chair to 20/10/15) Remuneration (Chair to 31/07/16) Search & Governance (Chair to 31/07/16)	5 out of 5
Nicholas Spenceley	14/01/2013		29/7/2016	Principal & Chief Executive		5 out of 5
Carol Skewes	14/07/2010 Reappointed 11/03/2014 12/07/2016	29/07/2017		Ordinary member	Standards Remuneration	2 out of 5
Robert Gildie	16/07/2013	15/07/2017		External member (to 15/7/13). Ordinary member	Chair of Corporation from 31/07/16 Risk & Audit (Chair to 31/07/16) Remuneration (Chair from 28/11/16) Search (Chair from 12/12/16)	5 out of 5
Benjamin Parmenter	16/07/2013	15/07/2017	04/08/2016	Ordinary member	Finance & General Purposes	3 out of 5
Craig Davidson	30/09/2013	29/09/2015		Staff member	Standards	Nil
Jamie Spracklen	30/09/2013 Reappointed 28/9/2015	28/09/2017		Staff member	Standards	4 out of 5
Chris Humpage	11/03/2014 Reappointed 15/12/2015	14/01/2020		External member (to 31/1/14) Ordinary member	Risk & Audit Standards (chair from 6/10/15) Vice-Chair of Corporation from 12/07/16	5 out of 5
Alex Dobinson	11/03/2014 Reappointed 28/9/2015	14/01/2018		Ordinary member	Risk & Audit (Chair from 18/10/16)	4 out of 5
Shri Footring	25/09/2014	24/09/2018		Ordinary member	Standards (Chair to 6/10/15)	3 out of 5
Natalie Tickle	4/10/2014	03/10/2018		Ordinary member	Standards	4 out of 5
James Beddow	9/02/2015	08/02/2017	06/09/2016	Ordinary member	Risk & Audit	3 out of 5
Nigel Cochran	9/02/2015	08/02/2017		Ordinary member	Finance & General Purposes (Chair from 20/10/15)	4 out of 5
Zeeshan Rasool	05/10/2015	31/07/2017	12/01/2016	Student member	Standards	1 out of 2
Chloe Callahan	05/10/15	31/07/2017	02/06/2016	Student member	Standards	Nil
Andrew Frye	04/01/16	03/01/2018		Ordinary member	Finance & General Purposes Standards (from 13/10/16)	3 out of 3
Paul Bennett	31/05/16	30/5/2018		Ordinary member	Risk & Audit	Nil
Phillip Lennon	28/01/16	27/01/2018		Ordinary member	Finance & General Purposes Appointed Vice Chair of Corporation from 12/07/16	2 out of 3
Daniel Potter	20/1/16	01/07/2017		Student member	Standards	2 out of 3
Mrs T Cope, PA to the Principal, acts as Clerk to the Corporation.						

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

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets 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 general purposes, risk and audit, remuneration, search and standards. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the college's website or from the Clerk to the Corporation at:

Seevic College
Runnymede Chase
Benfleet
Essex
SS7 1TW

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

All governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

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

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

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

Appointments to the Corporation

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

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

Corporation performance

The corporation has rated its performance as good based on the annual report of the audit committee supported by a review of governance carried out by the Internal Audit Service in May 2016.

A significant assurance rating was provided by the IAS which identified 5 key strengths as follows with only 4 minor recommendations:

- The committee's mix of skills and experience enables it to fulfil its responsibilities to the Corporation under its Terms of Reference.
- The committee produces an effective annual report.
- Has advised the Corporation on the scope and objectives of the work of both the internal and external auditors in a timely and effective way.
- Monitored the implementation of the internal and external auditors agreed recommendations within the required timescales.
- Ensured that the Corporation is advised of the college's controls for securing economy, efficiency and effectiveness (Value for Money).

Remuneration Committee

Throughout the year ending 31 July 2016 the College's Remuneration Committee comprised three 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 key management personnel.

Details of remuneration for the year ended 31 July 2016 are set out in note 6 to the financial statements.

Risk and Audit Committee

The Risk and Audit Committee comprises four 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 Risk and Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal, reporting accountants 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 review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Risk and 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 Risk and Audit Committee also advises the Corporation on the appointment of internal, reporting accountants and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Corporation.

Internal control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between Seevic College and the funding bodies. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Seevic College for the year ended 31 July 2016 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 2016 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

Seevic 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 Risk and Audit Committee.

At least, annually, the Head of Internal Audit (HIA) provides the Corporation with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

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

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

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

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Risk and 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 Risk and Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2016 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2016 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2016.

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

Going concern

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.

This conclusion is supported by a number of factors including:

- Financial projections for the next two years which demonstrate that the college remains in good financial health throughout the period.
- Approximately 80% of income for the next twelve months is contracted under the lagged funding methodology and therefore not subject to claw back.
- Good cash reserves.
- Positive cash flows generated from continuing operations.
- No onerous capital expenditure requirements.

Approved by order of the members of the Corporation on 20th December 2016 and signed on its behalf by:

Robert Gildie	**Daniel Pearson**
Chair	Accounting Officer

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

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

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

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

Daniel Pearson
Accounting Officer

Date: 20.12.2016

Robert Gildie
Chair of Governors

Date: 20.12.2016

Statement of Responsibilities of the Members of the Corporation

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

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

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

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

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the College, and 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 funds from the Skills Funding Agency are used only in accordance with the authorities that govern them as defined by and in accordance with Further & Higher Education Act 1992, subsequent legislation and related regulations and the Financial Memorandum with the Skills Funding Agency Approved by order of the members of the Corporation on 20 December 2016 and signed on its behalf by:

Robert Gildie

Chair

Independent auditor's report to the Corporation of Seevic College

We have audited the College financial statements set out on pages 19 to 42. The financial reporting framework that has been applied in their preparation is United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" as set out in our engagement letter dated 18 November 2015.

This report is made solely to the Corporation, as a body, in accordance with the Financial Memorandum published by the Skills Funding Agency and our engagement letter dated 18 November 2015.

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 18 November 2015 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 Seevic College and Auditor

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 17, 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 18 November 2015, 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 2016 and of the College's deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

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

Chartered Accountants
Marlborough House
Victoria Road South
Chelmsford
Essex
CM1 1LN

Date: 21 December 2016

Statement of Comprehensive Income

	Notes	2015/16 £'000	2014/15 £'000
INCOME			
Funding body grants	2	11,814	12,358
Tuition fees and education contracts	3	1,389	1,174
Other income	4	1,005	894
Investment income	5	-	46
Total income		**14,208**	**14,472**
EXPENDITURE			
Staff costs	6	9,606	9,226
Restructuring costs	6	78	186
Other operating expenses	7	3,724	3,991
Depreciation	9	781	837
Interest and other finance costs	8	197	234
Total expenditure		**14,386**	**14,474**
Deficit before other gains and losses		**(178)**	**(2)**
Deficit for the year		(178)	(2)
Actuarial gain/(loss) in respect of pensions	19	657	(375)
Other comprehensive income for the year		657	(375)
Total Comprehensive Income for the year		479	(377)

Balance sheet as at 31 July

	Notes	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Fixed assets					
Tangible assets	9		19,670		19,875
			19,670		**19,875**
Current assets					
Stocks		6		4	
Trade and other receivables	10	189		497	
Cash and cash equivalents	15	2,120		1,655	
		2,315		**2,156**	
Less: Creditors – amounts falling due within one year	11	(2,500)		(2,474)	
Net current liabilities			**(185)**		**(318)**
Total assets less current liabilities			**19,485**		**19,557**
Creditors – amounts falling due after more than one year	12		(6,589)		(6,859)
Provisions					
Defined benefit obligations	14		(3,227)		(3,508)
Total net assets			**9,669**		**9,190**
Unrestricted Reserves					
Income and expenditure account			4,939		4,366
Revaluation reserve			4,730		4,824
Total reserves			**9,669**		**9,190**

The financial statements on pages 19 to 42 were approved and authorised for issue by the Corporation on 20 December 2016 and were signed on its behalf on that date by:

Robert Gildie

Chair

Daniel Pearson

Accounting Officer

Statement of Changes in Reserves

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Balance at 1 August 2014	4,649	4,918	9,567
Deficit from the income and expenditure account	(2)	-	(2)
Other comprehensive income	(375)	-	(375)
Transfers between revaluation and income and expenditure reserves	94	(94)	-
Total comprehensive income for the year	(283)	(94)	(377)
Balance at 31 July 2015	4,366	4,824	9,190
Deficit from the income and expenditure account	(178)	-	(178)
Other comprehensive income	657	-	657
Transfers between revaluation and income and expenditure reserves	94	(94)	-
Total comprehensive income for the year	573	(94)	479
Balance at 31 July 2016	4,939	4,730	9,669

Statement of Cash Flows

	Notes	2016 £'000	2015 £'000
Cash flow from operating activities			
Deficit for the year		(178)	(2)
Adjustment for non-cash items			
Depreciation		781	837
(Increase)/decrease in stocks		(2)	1
Decrease in debtors		308	67
Increase/(decrease) in creditors due within one year		26	(759)
Increase in creditors due after one year		13	-
Pensions costs less contributions payable		376	280
Investment income	5	-	(46)
Interest payable	8	71	108
Net cash flow from operating activities		1,395	486
Cash flows from investing activities			
Investment income		-	46
Payments made to acquire fixed assets	9	(576)	(805)
		(576)	(759)
Cash flows from financing activities			
Interest paid	8	(71)	(108)
Repayments of amounts borrowed		(283)	(283)
		(354)	(391)
Increase/(decrease) in cash and cash equivalents in the year		**465**	**(664)**
Cash and cash equivalents at beginning of the year	15	1,655	2,319
Cash and cash equivalents at end of the year	15	2,120	1,655

Notes to the financial statements

1. Statement of accounting policies and estimation techniques

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

General information

Seevic College is a corporation established under the Further and Higher Education Act 1992 as an English sixth form college of further education. The college changed its name from South East Essex Sixth Form College during 1995. The College did not exercise its right to designate as a Sixth Form College in 2010 and now identifies itself as a General Further Education College. The address of the College's principal place of business is given on page 12. The nature of the College's operations are set out in the members' report.

Basis of preparation

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

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

Transition to the 2015 FE HE SORP

The College is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the College has amended certain accounting policies to comply with FRS 102 and the 2015 FE HE SORP. The trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

An explanation of how the transition to the 2015 FE HE SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the College is provided in note 22.

The 2015 FE HE SORP requires colleges to prepare a single statement of comprehensive income, and not the alternative presentation of a separate income statement and a statement of other comprehensive income. This represents a change in accounting policy from the previous period where separate statements for the Income and Expenditure account and for the Statement of Total Recognised Gains and Losses were presented.

The application of first time adoption allows certain exemptions from the full requirements of the FRS 102 and the 2015 FE HE SORP in the transition period. The following exemptions have been taken in these financial statements:

- Revaluation as deemed cost – at 1st August 2014, the College has retained the carrying values of freehold land and properties as being deemed cost and measured at fair value
- Lease incentives – the College has continued to recognise the residual benefits associated with lease incentives on the same basis as that applied at the date of transition

Basis of accounting

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

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Members Report.

1. Statement of accounting policies and estimation techniques (continued)

The financial position of the College, its cash flow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The College currently has £2.3m of loans outstanding with bankers on terms negotiated in 2002 and 2012 secured by a floating charge on College estate. The terms of the existing agreements are for 2 years, although current cash balances stand at £2.1m. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for at least the next two years. In particular 80% of forecast total income in 2016/17 is contracted for under the lagged funding methodology which is not subject to claw back. In addition there are no onerous capital expenditure requirements anticipated during the next 2 years.

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.

Recognition of income

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

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

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

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

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned on a receivable basis.

Accounting for post-employment benefits

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

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and 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 plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities.

The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

1. Statement of accounting policies and estimation techniques (continued)

The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

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

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

Short term Employment benefits

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

Termination payments

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense, when the College is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Non-current Assets - Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Land and buildings

Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

- Main buildings– 50 years
- Demountable buildings – 20 years
- Refurbishments – 20 years
- Leasehold – over life of lease

Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

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

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings.

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.

1. Statement of accounting policies and estimation techniques (continued)

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

Equipment

Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- technical equipment 8 years
- computer equipment 5 years
- furniture, fixtures and fittings 8 years

Borrowing costs

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

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term. The College has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1st August 2014.

Inventories

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

Cash and cash equivalents

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

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

Financial liabilities and equity

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

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

Taxation

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

1. Statement of accounting policies and estimation techniques (continued)

The College is not registered in respect of Value Added Tax, and consequently it is unable to recover 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.

Agency arrangements

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

Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In preparing these financial statements, management have made the following judgements:

- ***Tangible fixed assets***

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

- ***Local Government Pension Scheme***

  The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 July 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Funding body grants

	2016	2015
	£'000	**£'000**
Recurrent grants		
Skills Funding Agency	1,343	1,600
Education Funding Agency	10,235	10,492
Higher Education Funding Council	42	20
Specific grants		
Skills Funding Agency	1	4
Education Funding Agency	12	61
Releases of government capital grants	181	181
Total	**11,814**	**12,358**

3 Tuition fees and education contracts

	2016	2015
	£'000	**£'000**
Tuition fees	609	695
Education contracts	780	479
Total	**1,389**	**1,174**

4 Other income

	2016	2015
	£'000	**£'000**
Catering and residences	616	522
Miscellaneous income	389	372
Total	**1,005**	**894**

5 Investment income

	2016	2015
	£'000	**£'000**
Other interest receivable	-	46
Total	**-**	**46**

6 Staff costs

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

	2016	2015
	No.	**No.**
Teaching staff	129	126
Non-teaching staff	126	122
	255	**248**

Staff costs for the above persons

		2016	2015
		£'000	**£'000**
Wages and salaries		7,538	7,518
Social security costs		570	531
Other pension costs		1,290	1,096
Payroll sub total		**9,398**	**9,145**
Contracted out staffing services		208	81
		9,606	**9,226**
Restructuring costs:	Contractual	8	84
	Non contractual	70	102
Total Staff costs		**9,684**	**9,412**

A general pay rise of 1% was made to staff with effect from 1 April 2016.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Executive Leadership Team which comprises the Principal, the Deputy Principal Quality and Curriculum, The Deputy Principal Finance & Resources and the Vice Principal Management Information Systems. Staff costs include compensation paid to key management personnel for loss of office.

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

	2016	2015
	No.	**No.**
The number of key management personnel including the Accounting Officer was:	**5**	**4**

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

	Key management personnel		Other staff	
	2016	2015	2016	2015
	No.	No.	No.	No.
£80,001 to £90,000 p.a.	1	1	-	-
£90,001 to £100,000 p.a.	2	2	-	-
£110,001 to £120,000 p a	1	-	-	-
£120,001 to £130,000 p.a.	1	1	-	-
	5	4	-	-

The £110,001 to £120,000 range includes the salary which would have been received in 2015/16, in a full year, by Daniel Pearson who was appointed on 5th May 2016.

Key management personnel compensation is made up as follows:

	2016	2015
	£'000	£'000
Salaries	425	390
Employers National Insurance	51	45
Benefits in kind	11	10
	487	445
Pension contributions	67	54
Total key management personnel compensation	554	499

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

The above compensation includes amounts payable to the Accounting Officer who was appointed on the 5th May 2016 of:

	2016	2015
	£'000	£'000
Salaries	30	-
Benefits in kind	1	-
	31	-
Pension contributions	5	-
Total	36	-

The above compensation includes amounts payable to the Principal, who resigned as accounting officer on 4th May 2016 and retired on 29th July 2016 (who is also the highest paid officer) of:

	2016	2015
	£'000	£'000
Salaries	123	123
Benefits in kind	3	3
	126	126
Pension contributions	20	17
Total	146	143

Compensation for loss of office paid to former key management personnel

	2016	2015
	£	£
Compensation paid to the former post-holder - contractual	-	-
Estimated value of other benefits, including provisions for pension benefits	55	-
Total	55	-

The severance payment was approved by the College's Remuneration Committee.

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.

7 Other operating expenses

	2016	2015
	£'000	£'000
Teaching costs	1,294	1,663
Non-teaching costs	1,551	1,453
Premises costs	879	875
Total	3,724	3,991

Other operating expenses include:

	2016	2015
	£'000	£'000
Auditors' remuneration		
Financial statements audit	23	28
Internal audit	22	15
Other services provided by the financial statements auditor		
Subcontracting controls review	3	-
Hire of assets under operating leases – Land & buildings	61	60
Hire of assets under operating leases - Equipment	33	34

8 Interest and other finance costs

	2016	2015
	£'000	£'000
On bank loans, overdrafts and other loans:	71	108
	71	108
Net Interest on pension finance costs (note 19)	126	126
Total	**197**	**234**

9 Tangible fixed assets

	Land and buildings		Equipment	Assets in the course of construction	Total
	Freehold	Long leasehold			
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2015	24,677	1,187	2,684	-	28,548
Additions	90	-	290	196	576
At 31 July 2016	**24,767**	**1,187**	**2,974**	**196**	**29,124**
Depreciation					
At 1 August 2015	5,738	455	2,480	-	8,673
Charge for the year	520	125	136	-	781
At 31 July 2016	**6,258**	**580**	**2,616**	**-**	**9,454**
Net book value at 31 July 2016	**18,509**	**607**	**358**	**196**	**19,670**
Net book value at 31 July 2015	18,939	732	204	-	19,875

The value of land not depreciated at 31 July is £2,200,000 (2015: £2,200,000).

Land and buildings were valued in 1994 at depreciated replacement cost by surveyors employed by Essex County Council. Other tangible fixed assets inherited from the local education authority at incorporation have been valued by the corporation on a depreciated replacement cost basis with the assistance of independent advice.

Long leasehold land and buildings at 31 July 2016 comprise entirely of refurbishment costs to Church Walk House, which is currently sub-let to NCB Studio School.

Land and buildings with a net book value of £4,730,000 at 31 July 2016 (2015: £4,824,000) have been funded from local education authority sources through for example, the receipt of capital grants.

Should these assets be sold, the College may be liable, under the terms of the financial memorandum with the council, to surrender the proceeds.

If inherited land and buildings had not been valued they would have been included in the balance sheet at £nil cost, £nil aggregate depreciation and £nil net book value.

10 Debtors

	2016	2015
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	14	46
Prepayments and accrued income	100	308
Amounts owed by the Skills Funding Agency	75	143
Total	**189**	**497**

11 Creditors: amounts falling due within one year

	2016	2015
	£'000	£'000
Bank loans and overdrafts	283	283
Trade payables	350	428
Other taxation and social security	315	276
Accruals and deferred income	389	539
Holiday pay accruals	446	470
Deferred income - government capital grants	181	181
Amounts owed to the Skills Funding Agency	536	297
Total	**2,500**	**2,474**

12 Creditors: amounts falling due after one year

	2016	2015
	£'000	£'000
Bank loans	2,022	2,305
Deferred income - government capital grants	4,567	4,554
Total	**6,589**	**6,859**

13 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	2016	2015
	£'000	£'000
In one year or less	283	283
Between one and two years	2,022	283
Between two and five years	-	2,022
Total	**2,305**	**2,588**

Bank loans at 6.99% and LIBOR plus 3.61% repayable by quarterly instalments of £70,714 with a final balloon payment of £1,976,786, falling due between 1 August 2015 and 2 January 2018 totalling £2,305,000, (2015: £2,588,000) are secured on the freehold land and buildings of the College.

14 Provisions

	Defined benefit obligations	Total
	£'000	£'000
At 1 August 2015	3,508	3,508
Amounts utilised	(372)	(372)
Additions in period charged to income & expenditure accounts	91	91
At 31 July 2016	**3,227**	**3,227**

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 19.

15 Cash and cash equivalents

	At 1 August 2015	Cash flows	Other changes	At 31 July 2016
	£'000	£'000	£'000	£'000
Cash and cash equivalents	1,655	465	-	2,120
Overdrafts	-	-	-	-
Total	**1,655**	**465**	**-**	**2,120**

16 Capital and other commitments

	2016	2015
	£'000	£'000
Commitments contracted for at 31 July	-	117

17 Lease obligations

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

	2016	2015
	£'000	£'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	50	50
Later than one year and not later than five years	215	243
Later than five years	-	22
	265	315
Other		
Not later than one year	9	13
Later than one year and not later than five years	3	7
Later than five years	-	-
	12	20

18 Events after the reporting period

There are no events after the reporting period

19 Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Essex Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Barnett Waddingham. Both are multi-employer defined-benefit plans.

Total pension cost for the year		**2016**		**2015**
		£000		**£000**
Teachers' Pension Scheme: contributions paid		672		620
Local Government Pension Scheme:				
Contributions paid	372		326	
FRS 102 (28) charge	246		150	
Charge to the Statement of Comprehensive Income		618		476
Total Pension Cost for Year within staff costs		**1,290**		**1,096**

Contributions amounting to £136,000 (2014/15: £122,000) were payable to the schemes at 31 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 members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

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

Valuation of the Teachers' Pension Scheme

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

- New employer contribution rates were set at 16.48% of pensionable pay (including administration fees of 0.08%);
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay.

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

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

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

Scheme Changes

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

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

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

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

The pension costs paid to TPS in the year amounted to £672,000 (2015: £620,000).

FRS 102 (28)

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Essex County Council Local Authority. The total contributions made for the year ended 31 July 2016 were £517,000, of which employer's contributions totalled £372,000 and employees' contributions totalled £145,000. The agreed contribution rates for future years are 14.1% for employers and range from 5.5% to 7.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2016 by a qualified independent actuary.

	At 31 July 2016	**At 31 July 2015**
Rate of increase in salaries	2.75%	4.4%
Future pensions increases	1.75%	2.6%
Discount rate	2.6%	3.8%
Inflation assumption (CPI)	1.75%	2.6%
Commutation of pensions to lump sums	60%	60%

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 2016	**At 31 July 2015**
	years	years
Retiring today		
Males	21.9	22.8
Females	23.9	25.2
Retiring in 20 years		
Males	23.2	25.1
Females	25.4	27.6

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

	Fair Value	
	2016	**2015**
	£'000	**£'000**
Equities	6,621	5,564
Government bonds	347	346
Other bonds	434	830
Property	1,069	990
Cash	292	211
Other assets	893	616
Net pensions liability (Note 19)	**9,656**	**8,557**
Weighted average expected long term rate of return	**9.0%**	**5.7%**
Actual return on plan assets	**758**	**895**

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

	2016	**2015**
	£'000	**£'000**
Fair value of plan assets	9,656	8,557
Present value of plan liabilities	(12,883)	(12,065)
Net pensions liability (Note 19)	**(3,227)**	**(3,508)**

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

	2016	**2015**
	£'000	**£'000**
Amounts included in staff costs		
Current service cost	611	476
Past service cost	7	-
Total	**618**	**476**
Amounts included in interest and other finance costs		
Net interest income	126	126
Administrative costs	4	4
	130	**130**

Amount recognised in Other Comprehensive Income

Return on pension plan assets	426	572
Experience losses arising on defined benefit obligations	-	-
Changes in assumptions underlying the present value of plan liabilities	231	(947)
Amount recognised in Other Comprehensive Income	**657**	**(375)**

Movement in net defined benefit liability during year

	2016 £'000	2015 £'000
Net defined benefit liability in scheme at 1 August	(3,508)	(2,853)
Movement in year:		
Current service cost	(611)	(476)
Employer contributions	372	326
Past service cost	(7)	-
Interest on the defined (liability)/asset	(126)	(126)
Administrative charges	(4)	(4)
Actuarial gain or loss	657	(375)
Net defined benefit liability at 31 July	(3,227)	**(3,508)**

Asset and Liability Reconciliation

	2016 £'000	2015 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	12,065	10,212
Current service cost	611	476
Interest cost	458	449
Contributions by Scheme participants	145	131
Experience gains and losses on defined benefit obligations	-	-
Changes in financial/demographic assumptions	(231)	947
Estimated benefits paid	(172)	(150)
Past Service cost	7	-
Defined benefit obligations at end of period	**12,883**	**12,065**

	2016 £'000	2015 £'000
Changes in fair value of plan assets		
Fair value of plan assets at start of period	8,557	7,359
Interest on plan assets	332	323
Return on plan assets	426	572
Administration expenses	4	4
Employer contributions	372	326
Contributions by Scheme participants	145	131
Estimated benefits paid	(172)	(150)
Fair value of plan assets at end of period	**9,656**	**8,557**

20 Related party transactions

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

The total expenses paid to or on behalf of the Governors during the year was £32; 1 governor (2014/15: £207; 1 governor). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and training events in their official capacity.

No Governor has received any remuneration or waived payments from the College during the year (2015: None).

Transactions with the funding bodies are detailed in notes 2, 12 and 13.

21 Amounts disbursed as agent

SFA – Adult Discretionary Support	**2016**	**2015**
	£'000	**£'000**
19+ Hardship support	5	4
Funding body grants – 20+ childcare support	-	2
Funding body grants – 24+ loans bursary	14	14
	19	20
Disbursed to students	(13)	(8)
Administration costs	(1)	(1)
Balance unspent as at 31 July, included in creditors	5	11

EFA – 16-19 Bursary funds	**2016**	**2015**
	£'000	**£'000**
Funding body grants – bursary support	268	272
Funding body grants – free school meals	62	80
	330	352
Disbursed to students	(291)	(286)
Administration costs	(11)	(17)
Balance unspent as at 31 July, included in creditors	28	49

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

22 Transition to FRS 102 and the 2015 FE HE SORP

The year ended 31st July 2016 is the first year that the College has presented its financial statements under FRS 102 and the 2015 FE HE SORP. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31st July 2015 and the date of transition to FRS 102 and the 2015 FE HE SORP was therefore 1st August 2014. As a consequence of adopting FRS 102 and the 2015 FE HE SORP, a number of accounting policies have changed to comply with those standards.

An explanation of how the transition to FRS 102 and the 2015 FE HE SORP has affected the College's financial position, financial performance and cash flows, is set out below.

Under FRS 102, the Statement of Cash Flows presents changes in cash and cash equivalents (which include cash in hand, deposits repayable on demand and overdrafts and short-term, highly liquid investments), showing changes arising from operating activities, investing activities and financing activities separately. Under previous UK GAAP, the Cash Flow Statement presented changes in cash (which includes cash in hand, deposits repayable on demand and overdrafts) under the headings of operating activities, returns on investments and servicing of finance, taxation, capital expenditure and financial investments, acquisitions and disposals, equity dividends paid, management of liquid resources and financing

	2014	2015
	£'000	**£'000**
Financial Position		
Total reserves under previous SORP	10,074	9,660
Employee leave accrual	(507)	(470)
Total effect of transition to FRS 102 and 2015 FE HE SORP	9,567	9,190
Total reserves under 2015 FE HE SORP	9,567	9,190

	£'000
Financial performance	
Surplus for the year after tax under previous SORP	71
Reduction in employee compensated absences	37
Pensions provision – actuarial loss	(375)
Changes to measurement of net finance cost on defined benefit plans	(110)
Total effect of transition to FRS 102 and 2015 FE HE SORP	(448)
Total comprehensive income for the year under 2015 FE HE SORP	(377)

a) Recognition of short term employment benefits

No provision for short term employment benefits such as holiday pay was made under the previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. The annual leave year runs to 31st August each year for teaching staff and senior post holders and to 31st December for non-teaching staff meaning that, at the reporting date, there was an average of

15 days unused leave for teaching staff and 2 days unused leave for non-teaching staff. In addition, certain non-teaching employees are entitled to carry forward up to 5 days of any unused holiday entitlement at the end of the leave year. The cost of any unused entitlement is recognised in the period in which the employee's services are received. Accruals of £507,000 and £470,000 were recognised at 1 August 2014, and at 31 August 2015 respectively. Following a re-measurement exercise in 2015/16, the movement on this provision of £24,000 has been charged to Comprehensive Income in the year ended 31 July 2016.

b) Change in recognition of defined benefit plan finance costs

The net pension finance cost recognised in the Income and Expenditure account for the year ended 31st July 2015 under the previous UK GAAP was the net of the expected return on pension plan assets and the interest on pension liabilities. FRS 102 requires the recognition in the Statement of Comprehensive Income, of a net interest cost, calculated by multiplying the net plan obligations by the market yield on high quality corporate bonds (the discount rate applied). The change has had no effect on net assets as the measurement of the net defined benefit plan obligation has not changed. Instead, the decrease in the surplus for the year has been mirrored by a reduction in the actuarial losses presented within Other Comprehensive Income.

c) Presentation of actuarial gains and losses within Total Comprehensive Income

Actuarial gains and losses on the College's defined benefit plans were previously presented in the Statement of Total Recognised Gains and Losses (STRGL), a separate statement to the Income and Expenditure account. All such gains and losses are now required under FRS 102 to be presented within the Statement of Comprehensive Income, as movements in Other Comprehensive Income.

d) Financial instruments

Actuarial gains and losses on the College's defined benefit plans were previously presented in the Statement of Total Recognised Gains and Losses (STRGL), a separate statement to the Income and Expenditure account. All such gains and losses are now required under FRS 102 to be presented within the Statement of Comprehensive Income, as movements in Other Comprehensive Income.

The college considers that all other financial instruments included within the financial statements are "basic" under the definitions of FRS 102 and accordingly disclosed such information within notes 10,11 and 12 above, debtors and creditors, rather than in a separate table of financial instruments.

Independent Reporting Accountants' Report on Regularity to the Corporation of Seevic College and the Secretary of State for Business, Innovation and Skills[1] acting through the Skills Funding Agency

In accordance with the terms of our engagement letter dated 18 November 2015 and further to the requirements of the financial memorandum with Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by SEEVIC College during the period 1 August 2015 to 31 July 2016 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 Skills Funding Agency has other assurance arrangements in place.

This report is made solely to the corporation of SEEVIC College and the Secretary of State for Education acting through the Skills 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 SEEVIC College and the Secretary of State for Education acting through the Skills 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 SEEVIC College and the Secretary of State for Education acting through the Skills Funding Agency for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of SEEVIC College and the reporting accountant

The corporation of SEEVIC College is responsible, under the financial memorandum and the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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 2015 to 31 July 2016 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 2015 to 31 July 2016 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
Chartered Accountants
Marlborough House
Victoria Road South
Chelmsford
Essex
CM1 1LN

Date: 21 December 2016