



**REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 31 JULY 2019

Scarborough Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISERS

Key management personnel

Key management personnel are defined as members of the College Management team and were represented by the following in 2018-19:

Marcus Towse	Principal; Accounting Officer – retired 31 August 2018
Philip Rumsey	Principal; Accounting Officer – appointed 13 August 2018
Karen Anderson	Vice Principal (Curriculum & Quality) – employed until 31 July 2019
Rowan Johnson	Vice Principal (Student Services)
Linda Jeffreys	Director of Finance

Board of Governors

A full list of Governors is given on pages 8-9 of these financial statements. During this period, Heather Campbell acted as Clerk to the Corporation.

Professional advisers

Financial statements auditors and reporting accountants:

Baldwins Audit Services
Wynyard Park House
Wynyard Avenue
Wynyard TS22 5TB

Internal auditors:

AuditOne
Kirkstone Villa
Lanchester Road Hospital
Durham DH1 5RD

Bankers:

Lloyds Bank plc
1 St Nicholas Street
Scarborough
YO11 2YY

Santander UK plc
Leeds Corporate Banking Centre
Ground Floor
44 Merrion Street
Leeds LS2 8JQ

Solicitors:

Eversheds Sutherland
Bridgewater Place
Water Lane
Leeds LS11 5DR

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Scarborough Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

STRATEGIC REPORT

Objectives and Strategies

The members present their strategic report together with the financial statement and auditor's report for Scarborough Sixth Form College for the year ended 31 July 2019.

Legal status

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

Mission and Strategy

The College mission was reviewed and updated in May 2019: "Our mission is to inspire and educate our students in a supportive, inclusive environment that enables them to fulfil their potential, enjoy successful careers and lead happy lives". The mission is supported by clear statements of values and expectations.

The College's Strategic Plan covering 2018-20 identified three key strategic priorities:-

1. Helping our community prosper
2. Achieving an outstanding service
3. Meeting challenges and responding to opportunities.

A full copy of the Strategic Plan is available from the College.

Resources

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

- 98 people are employed (expressed as full-time equivalents) of whom 48 are teaching staff.
- 1,047 students were enrolled in the 2018-19 academic year, including 996 16-18 year old students, 25 adult learners and 26 apprentices.
- The College has £6.1 million of net assets (including £0.8 million pension liability) and no long term debt. Tangible resources include the College's site, which consists of 8.4 acres of land and 6 buildings.
- The College has a distinct ethos and a good reputation in the local community.

Stakeholder Relationships

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

- Students;
- Parents;
- Local schools;
- Education Sector Funding Bodies;
- Sixth Form / FE Commissioner
- Staff;
- Local employers (with specific links);
- Local Authorities;
- LEPs (Local Enterprise Partnerships);
- The local community;
- Other FE and HE institutions;
- Trade unions;
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through newsletters, meetings, focus groups and surveys.

Scarborough Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

STRATEGIC REPORT (CONTINUED)

Development and Performance

Financial results

The College generated a deficit before other gains and losses in the year of £300,000 (2017-18: £130,000 surplus).

Developments

Tangible fixed asset additions during the year amounted to £200,000. This was split between £98,000 for equipment and £102,000 for improvements to the roofing of the main block (funded mainly by the ESFA's Condition Improvement Fund) and improvements to communal social / study areas in the Learning Resource Centre and "Hub".

Reserves

The College has accumulated reserves of £3.0 million and cash and short term deposits of £2.4 million. These reserves were planned in order to cope with the temporary decline in the student cohort and to fund improvements to the College facilities.

Sources of Income

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2018-19 the funding bodies provided 89% of the College's total income.

Future Prospects

Curriculum Developments

Managing the range of courses offered by the College is a challenging balance between offering an outstanding choice of curriculum and affording it; small numbers on courses are not cost effective. The curriculum is reviewed annually and proposed changes come to the College Management Team where the cost of delivery, the expertise of staff, the community need and resource requirements are all discussed with a business case being put forward for new developments before a decision is made.

Physical developments

The College premises are in very good condition and are kept well maintained with significant refurbishments and improvement in facilities having taken place over recent years. These have significantly improved the building condition of the College's estate and have created excellent facilities and a very positive learning environment for students. The projects have been funded by a combination of government grants and from College reserves. The College is in the process of developing a new Property Strategy.

Funding and student numbers

Our recurrent grant income for 2019-20 has been confirmed as £4.3 million for 16-18 year olds based on 999 learners under the lagged funding methodology. Actual enrolments are anticipated to be around 970 and this is expected to be the final year of the dip in cohort numbers. 19+ funding is very limited and provision for adults is being phased out by the College.

Financial Plan

The College governors approved a financial plan in July 2019 which sets objectives for the period to 2021.

Treasury policies and objectives

The College has treasury management arrangements in place to manage cash flows, banking arrangements and the risks associated with those activities. Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer ("the Principal"). All other borrowing requires the authorisation of the Corporation.

STRATEGIC REPORT (CONTINUED)

Future Prospects (continued)

Cash flows and Liquidity

Net cash inflow from operating activities was £16,000 (2017-18: £464,000).

The size of the College's total borrowing and interest payable ensure a good cushion between the total cost of servicing debt and cashflow. Total debt charges were 0.8% of income (2017-18: 0.8%).

Reserves Policy

The College has no formal Reserves Policy but recognises the importance of retaining an appropriate level of reserves to ensure the solvency of the College whilst providing adequate resources to support College operations and strategic aims. The level of reserves is reviewed annually in July when preparing the financial plan for the next two years. Due consideration is given as to the key risks and sensitivities within the plan.

The College's financial objectives include for a minimum reserve of 25% of income. As at the balance sheet date, the Income and Expenditure reserve stood at £3.0 million which equates to 57% of income (2017-18: £3.7 million). Excluding the defined benefit pension scheme deficit, the reserves were £3.8 million which equates to 72% of income (2017-18: £3.9 million).

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.

Principal Risks and Uncertainties

The College has well developed strategies for managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protect its assets, reputation and financial stability. The governing body has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement on Corporate Governance.

The College Management Team (CMT) 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, CMT 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 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 evaluated using a simple scoring system.

The main risk factors affecting the College are outlined below. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

1. Funding for students

The College has considerable reliance on continued government funding through the further education sector funding bodies. In 2018-19, 89% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There 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.

STRATEGIC REPORT (CONTINUED)

Principal Risks and Uncertainties (continued)

1. Funding for students (continued)

This risk is mitigated in a number of ways:

- Ensuring the College is rigorous in delivering high quality education and training and so continues to have strong levels of enrolment (see point 4 below)
- Adapting the curriculum to serve the needs of the students in a sustainable way
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies
- Ensuring the College is focused on priority sectors which will continue to benefit from public funding.
- Regular dialogue with funding bodies
- Close monitoring of government funding
- Strong and close financial management.

2. Maintain adequate funding of pension liabilities

The financial statements report the share of the pension scheme deficit on the College's balance sheet in line with the requirements of FRS 102.

3. Quality of examination and assessment outcomes

A fall in performance in this respect will potentially harm the reputation of the College in the local community and reduce the number of students enrolling at the College.

This risk is mitigated by:

- Quality Assurance processes to ensure teaching methods are effective and produce good results
- Human Resource processes to recruit and retain skilled curriculum staff
- Provision of additional support for students at risk of failing exams.

4. Competition from other providers

Fewer students may enrol at the College because of increased competition from other providers, or new providers entering the market. In recent years competition has been increased by the entry of new providers into the FE and HE market, and intensification of competition due to financial pressures. In addition, an increasing number of year 6 pupils in the local area are choosing to go to secondary schools outside of the area, which are 11-18 schools.

This risk is mitigated by

- Close monitoring and modelling of numbers by the College Management Team and effective financial and staff planning
- Continuous review of College provision to ensure the College curriculum matches learner needs
- Effective marketing of the College and its facilities on the basis of high quality and high reputation
- Proactive engagement with local change agents and stakeholders.

5. Increase in sector pay awards and pension costs

The recently announced 2.75% pay award for teachers in schools may impact on the pay award expectations of staff and unions within the sixth form college sector, though there is no additional funding available for colleges. If we are unable to provide competitive salaries, this may affect our recruitment and retention of teaching staff.

This risk is mitigated by:

- Close monitoring of government funding
- Strong and close financial management.
- Membership of Sixth Form Colleges' Association, which deals with national negotiations with unions and lobbying of government bodies.

STRATEGIC REPORT (CONTINUED)

Key Performance Indicators

The Corporation monitored a range of internal performance indicators through the year in addition to comprehensive data on achievement, value-added, retention and attendance. These indicators include student survey data, graded lesson observations and student performance in mock examinations or other assessments.

The College is committed to observing the importance of sector measures and indicators and makes use of external data provided from a variety of sources, including:-

- DfE's Key Stage 5 Performance Tables including value-added and attainment scores
- Alps value added reports
- Sixth Form Colleges' Association (SFCA) 'Six Dimensions' analysis of sixth form college performance
- Ofsted's Data Dashboard.

The College continues to be successful in its provision with high A level pass rates, including a good proportion of high grades and outstanding results for BTEC courses. In-year retention of students is above the sector benchmark and value-added is very good for A level and outstanding for BTEC.

The College is required to complete the annual Finance Record for the Education and Skills Funding Agency ("ESFA") in December. The Finance Record produces a financial health grading; the College's last rating (as at December 2018) being "Outstanding".

Public Benefit

The College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 8 and 9.

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

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

- High-quality teaching, with students make above average progress and achieving good qualifications
- Widening participation and tackling social exclusion
- Excellent progression by students to Higher Education, training and employment
- Strong student support systems
- Links with employers, industry and commerce
- Links with Local Enterprise Partnerships (LEPs).

Equality and Disability Statements

Statement of Equality

Scarborough Sixth Form College has a philosophy of treating individuals fairly and of mutual respect for all members of the college and will not tolerate unlawful discrimination on the grounds of Age, Disability, Gender reassignment, Offending background, Pregnancy and maternity, Marriage and civil partnership, Race, Religion or belief, Sex or Sexual orientation. The College will also consider socio-economic disadvantage when making strategic decisions about how to exercise its functions.

The College has a commitment to provide for the needs of all who study and work at the College in an inclusive and supportive environment that promotes the integration of all College members fully in the life of the College. All key Equality & Diversity documents are published on the staff network. For members of the public they are available either on the College website or on request at Reception.

Scarborough Sixth Form College

FINANCIAL STATEMENTS

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STRATEGIC REPORT (CONTINUED)

Equality and Disability Statements (continued)

Employment of disabled persons

The College considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. 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 are, as far as possible, identical to those for other employees, making reasonable adjustments where appropriate.

Disability statement

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

Much of the site is now accessible for students and staff with mobility problems. Where access to classrooms is difficult the class moves, if necessary. Refurbishments in recent years have included new disabled access lifts to the specialist facilities in Block B, to the upper floor of the Learning Resource Centre and to social areas. Lighting and acoustics have been improved in corridors in Block A to help students with visual impairments.

The College has a disability statement, known as "Able to Learn" which is reviewed each autumn. This aims to provide students with all the necessary information and encouragement to access support from the College. The statement is summarised as follows:-

"The College aims to enable people to access, participate and progress within and from a learning programme. We are working towards providing an inclusive learning environment with a curriculum that ensures that the learning needs of all individuals are met including those with learning difficulties and/or disabilities".

Individual advice and support

Every student is given individual advice and guidance on entering the College to ensure that individual needs are picked up early and responded to. Specialist help is engaged where needed to support learning. Liaison with local schools is established to ensure that students with disabilities are fully informed about opportunities at the College and to enable them to visit beforehand and make their individual needs known.

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the college to publish the following information on facility time arrangements for trade union officials at the college. The data below relates to the period from 1 April 2019 to 31 March 2020.

<i>Numbers of employees who were relevant union officials during the relevant period</i>	<i>Full-time equivalent employee number</i>
1	1

<i>Percentage of time</i>	<i>Number of employees</i>
0%	1
1-50%	Nil
51-99%	Nil
100%	Nil

Total cost of facility time	£0
Total pay bill	£3,899,500
Percentage of total pay bill spent on facility time	0%

Time spent on paid trade union activities as a percentage of total paid facility time	0%
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STRATEGIC REPORT (CONTINUED)

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%.

Disclosure of information to auditors

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

Approved by order of the members of the Corporation on 10 December 2019 and signed on its behalf by:



S Oldridge



Chair

10/12/19

Scarborough Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

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 better understanding of its governance and legal structure. The statement covers the period from 1 August 2018 to 31 July 2019 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); and
- ii. having due regard to the UK Corporate Governance Code 2018 ("the Code") insofar as it is applicable to the further education sector.

We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

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

The Corporation

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

<i>Name</i>	<i>Date of Appointment</i>	<i>Term of Office</i>	<i>Date of Resignation</i>	<i>Status of Appointment</i>	<i>Committees Served During the Year</i>	<i>Attendance</i>
S Oldridge	21 October 2014 Re-appointed 21 October 2018	4 years		Independent Member	Chair of Corporation Finance & Estates Search & Conduct Remuneration Corporation	100% 100% 100% 100%
I Brabbs	11 October 2001 Re-appointed 1 September 2005 1 September 2009 1 September 2013 1 September 2017	4 years		Independent Member	Vice-Chair Finance & Estates Search & Conduct Remuneration Corporation	100% 100% 100% 100%
M Towse	1 January 2013		31 August 2018	Principal	Finance & Estates Employment & Welfare Search & Conduct Corporation	No meetings
P Rumsey	1 September 2018			Principal	Finance & Estates Employment & Welfare Search & Conduct Corporation	100% 100% 100% 100%
H Ascott	8 December 2005 Re-appointed 8 December 2009 8 December 2013 9 January 2018	4 years		Independent Member	Employment & Welfare Corporation	100% 100%
Andrew Bailey	9 April 2019	4 years		Independent Member	Corporation	100%
G Bullen	8 December 2015 Re-appointed: 31 August 2019	4 years		Independent Member	Audit Corporation	100% 100%
T Cartmail	9 April 2019	4 years	14 October 2019	Independent Member	Corporation	100%
A Gregory	11 December 2007 Re-appointed 1 September 2011 1 September 2015 31 August 2019	4 years		Independent Member	Audit Corporation	100% 40%

Scarborough Sixth Form College

FINANCIAL STATEMENTS

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STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

The Corporation (continued)

<i>Name</i>	<i>Date of Appointment</i>	<i>Term of Office</i>	<i>Date of Resignation</i>	<i>Status of Appointment</i>	<i>Committees Served During the Year</i>	<i>Attendance</i>
P Hawkyard	26 March 2013 Re-appointed: 26 March 2015 31 August 2019	4 years		Independent Member	Employment & Welfare Corporation	100% 60%
N Hughes	22 May 2018	4 years		Independent Member	Finance & Estates Corporation	100% 80%
R Jones	21 October 2014 Re-appointed: 21 October 2018	4 years		Independent Member	Employment & Welfare Corporation	67% 60%
J Leader	3 July 2018	4 years	9 January 2019	Independent Member	Corporation	0%
M McCluskie	9 April 2019	4 years		Independent Member	Corporation	100%
D Mundy	28 September 2013 Re-appointed 27 June 2017	4 years		Independent Member	Corporation	60%
M Paxton	1 May 2004 Re-appointed: 10 December 2007 10 December 2011 10 December 2015	4 years		Independent Member	Finance & Estates Search & Conduct Remuneration Corporation	100% 100% 100% 80%
A Thompson	20 October 2015	4 years	15 February 2019	Independent Member	Employment & Welfare Corporation	33% 20%
Jo Barron	17 October 2017	4 years	12 December 2018	Staff Member	Employment & Welfare Corporation	0% 0%
Kim Metcalfe	9 April 2019	4 years		Staff Member	Employment & Welfare Corporation	100% 100%
J Saunby	20 October 2015 Re-appointed: 3 July 2019	4 years		Staff Member	Audit Corporation	67% 80%
Rebecca Abbey	1 May 2019	1 year		Student Member	Corporation	40%
L Bradbeer	22 May 2018	1 year	30 April 2019	Student Member	Corporation	20%
Harry Jaconelli	1 May 2019	1 year		Student Member	Corporation	20%
K Sladkowski	22 May 2018	1 year	30 April 2019	Student Member	Corporation	40%
Dani Yates	1 May 2019	1 year	22 September 2019	Student Member	Corporation	40%

Heather Campbell was appointed as Clerk to the Corporation on 1 October 2017.

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources, value for money, the safeguarding of assets 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 twice in the autumn term and once in the spring and summer terms.

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 & Estates, Employment & Welfare, Remuneration, Audit and Search & Conduct.

Full minutes of all meetings except those deemed to be confidential by the Corporation are available on the College's website (at www.s6f.org.uk) or from the Clerk to the Corporation at:

Scarborough Sixth Form College, Sandybed Lane
SCARBOROUGH YO12 5LF

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

The Corporation (continued)

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 also provided on an ad hoc basis.

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

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

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search & Conduct Committee consisting of the Chairman, the Principal and two other members and 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

As part of the Corporation's assessment of its own performance, each committee carried out their own self-assessment exercise during 2018-19.

Remuneration Committee

Throughout the year ending 31 July 2019, the College's Remuneration Committee comprised three members of the Corporation. The committee's responsibilities are to make recommendations to the Corporation on the remuneration and benefits of the Principal, other key management personnel and the Clerk.

Details of remuneration for the year ended 31 July 2019 are set out in note 8 to the financial statements.

Audit Committee

The Audit Committee comprises three members of the Corporation (excluding the Principal and Chair); one person external to the College with relevant accounting and audit expertise is also a member of the committee. The committee operates in accordance with written terms of reference approved by the Corporation.

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

The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Audit Committee (continued)

Management is responsible for the implementation of agreed audit recommendations, and internal audit undertakes periodic follow up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Corporation on the appointment of internal, reporting accountants and financial statements auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Corporation.

Internal Control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Funding Agreement between the 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 Scarborough Sixth Form College for the year ended 31 July 2019 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 2019 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Internal Control (continued)

The risk and control framework (continued)

The College has an internal audit service, which operates in accordance with the requirements of ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At minimum annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. 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 and the reporting accountant for regularity assurance in their management letters and other reports.

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


The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement.

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2019 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2019 by considering documentation from the senior management team, the Audit Committee and internal audit, and taking account of events since 31 July 2019.

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

Approved by order of the members of the Corporation on 10 December 2019 and signed on its behalf by:


S Oldridge
Chair
10/12/19


P Rumsey
Principal
10/12/19

Scarborough Sixth Form College

FINANCIAL STATEMENTS
for the year ended 31 July 2019


STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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


S Oldridge
Chair
10/12/19


P Rumsey
Principal
10/12/19

Scarborough Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

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.

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

In preparing the financial statements the Corporation is required to:

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

The Corporation is also required to prepare a Strategic Report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the College.

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the College, and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

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

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

Approved by order of the members of the Corporation on 10 December 2019 and signed on its behalf by:


S Oldridge
Chairman


10/12/19

Scarborough Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

INDEPENDENT AUDITORS' REPORT TO THE CORPORATION OF SCARBOROUGH SIXTH FORM COLLEGE

Opinion

We have audited the accounts of Scarborough Sixth Form College for the year ended 31 July 2019 which comprise the Statement of Comprehensive Income and Expenditure, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), and the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (2015 FH HE SORP).

In our opinion the accounts:

- give a true and fair view of the state of the college's affairs as at 31 July 2019 and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the college's use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the college has not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the college's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The corporation is responsible for the other information. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Scarborough Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

INDEPENDENT AUDITORS' REPORT TO THE CORPORATION OF SCARBOROUGH SIXTH FORM COLLEGE (continued)

Opinion on other matters prescribed by the Post-16 Audit Code of Practice issued by the Education and Skills Funding Agency

In the light of the knowledge and understanding of the corporation and its environment obtained in the course of the audit, we have not identified material misstatements in the statement of Corporate Governance and Internal Control, including the incorporated strategic report.

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice requires us to report to you if, in our opinion:

- the college corporation has not kept adequate accounting records;
- the annual accounts are not in agreement with the accounting records; and
- we have not received all information and explanations required for the audit..

Responsibilities of the Corporation

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

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

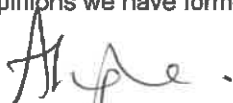
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are required to state to them in an auditors' 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.



Angela Ingham FCA (Senior Statutory Auditor)
For and on behalf of Baldwins Audit Services

Date: 17/12/19

Statutory Auditor

Wynyard Park House
Wynyard Avenue,
Wynyard TS22 5TB

Scarborough Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY

To: The Corporation of Scarborough Sixth Form College and Secretary of State for Education, acting through Education and Skills Funding Agency (ESFA)

In accordance with the terms of our engagement letter dated 12 August 2019 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by Scarborough Sixth Form College during the period 1 August 2018 to 31 July 2019 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post 16 Audit Code of Practice ("the Code") issued by the ESFA. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record data returns, for which the ESFA has other assurance arrangements in place.

This report is made solely to the Corporation of Scarborough Sixth Form College and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of Scarborough Sixth Form College and ESFA 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 Scarborough Sixth Form College and ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Scarborough Sixth Form College and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2018 to 31 July 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued by ESFA. We performed a limited assurance engagement as defined in that framework.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

Scarborough Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY (CONTINUED)

Approach (continued)

The work undertaken to draw to our conclusion includes:

- Review of the College's self-assessment questionnaire, discussions with the Accounting Officer and other key personnel
- Review of corporation and committee minutes
- Review of internal audit reports
- Review of finance and other relevant policies
- Review of a sample of purchases and expenses
- Review of payroll including compromise and similar agreements
- Review of credit and debit card transactions
- Review of fixed asset movements
- Consideration of transactions with related parties
- Consideration of business interest registers and declarations
- Consideration of funding returns
- Consideration of insurance policies

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 2018 to 31 July 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Baldwins Audit Services

Angela Ingham FCA (Senior Statutory Auditor)
For and on behalf of Baldwins Audit Services

Date: 17/12/19

Statutory Auditor

Wynyard Park House
Wynyard Avenue,
Wynyard TS22 5TB

Scarborough Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

	Notes	2019 £000	2018 £000
INCOME			
Funding body grants	2	4,744	4,790
Tuition fees and education contracts	3	82	111
Other grants and contracts	4	11	26
Other income	5	485	458
Investment income	6	13	9
Donations	7	110	28
Total income		5,445	5,422
EXPENDITURE			
Staff costs	8	4,005	3,690
Restructuring costs	8	55	9
Other operating expenses	9	1,402	1,253
Depreciation	12-13	279	325
Interest and other finance costs	10	4	15
Total expenditure		5,745	5,292
Surplus/(deficit) before other gains and losses		(300)	130
Loss on disposal of fixed assets		-	-
Surplus/(deficit) before tax		(300)	130
Taxation		-	-
Surplus/(deficit) for the year		(300)	130
Actuarial gain/(loss) in respect of pensions scheme	25	(449)	559
Total comprehensive income for the year		(749)	689
Represented by:			
Restricted comprehensive income		-	-
Unrestricted comprehensive income		(749)	689
		(749)	689

The Statement of Comprehensive Income and Expenditure is in respect of continuing activities.

Scarborough Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

STATEMENT OF CHANGES IN RESERVES

	Income and expenditure account	Revaluation Reserve	Total
	£000	£000	£000
Balance at 1 August 2017	2,976	3,217	6,193
Surplus from the income and expenditure account	130	-	130
Other comprehensive income	559	-	559
Transfers between revaluation and income and expenditure reserves	46	(46)	-
	735	(46)	689
Balance at 31 July 2018	3,711	3,171	6,882
Deficit from the income and expenditure account	(300)	-	(300)
Other comprehensive income	(449)	-	(449)
Transfers between revaluation and income and expenditure reserves	45	(45)	-
	(704)	(45)	(749)
Balance at 31 July 2019	3,007	3,126	6,133


Scarborough Sixth Form College
 FINANCIAL STATEMENTS
 for the year ended 31 July 2019

BALANCE SHEET AS AT 31 July 2019

	Notes	2019 £000	2018 £000
Non-current assets			
Intangible assets	12	-	4
Tangible assets	13	6,928	7,004
		6,928	7,008
Current assets			
Stock		8	6
Trade and other receivables	14	178	131
Investments	15	1,008	-
Cash and cash equivalents	20	1,345	2,394
		2,539	2,531
Less: Creditors - amounts falling due within one year	16	(872)	(769)
Net current assets		1,667	1,762
Total assets less current liabilities		8,595	8,770
Creditors - amounts falling due after more than one year	17	(1,660)	(1,713)
Provisions			
Defined benefit obligations	19	(802)	(175)
Total net assets		6,133	6,882
Unrestricted reserves			
Income and expenditure account		3,007	3,711
Revaluation reserve		3,126	3,171
Total unrestricted reserves		6,133	6,882

The financial statements on pages 19 to 43 were approved and authorised for issue by the Corporation on 10 December 2019 and were signed on its behalf on that date by:


 S Oldridge
 Chair
 10/12/19


 P Rumsey
 Principal
 10/12/19

Scarborough Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

STATEMENT OF CASH FLOWS

	Notes	2019 £000	2018 £000
Cash flow from operating activities			
Surplus/(deficit) for the year		(300)	130
Adjustment for non-cash items			
Depreciation		279	325
Release of capital deferred grant		(79)	(107)
Release of capital deferred donation		(97)	(28)
Increase in stocks		(2)	(1)
(Increase)/decrease in debtors		(20)	2
Increase in creditors due within one year		68	32
Pensions costs less contributions payable		178	119
Adjustment for investing or financing activities			
Investment income		(13)	(9)
Interest payable		1	1
Loss on sale of fixed assets		1	-
Net cash flow from operating activities		16	464
Cash flows from investing activities			
Investment income		13	9
Withdrawal of deposits		-	-
New deposits		(1,008)	-
Payments made to acquire fixed assets		(123)	(103)
Capital grant received		94	-
		(1,024)	(94)
Cash flows from financing activities			
Interest paid		(1)	(1)
Repayment of amounts borrowed		(40)	(39)
		(41)	(40)
Increase/(decrease) in cash and cash equivalents in the year		(1,049)	330
Cash and cash equivalents at beginning of the year	20	2,394	2,064
Cash and cash equivalents at end of the year	20	1,345	2,394

NOTES TO THE ACCOUNTS

1 Accounting policies

Statement of accounting policies

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

Basis of preparation

These financial statements have been prepared in accordance with the "*Statement of Recommended Practice: Accounting for Further and Higher Education 2015*" (the 2015 FE HE SORP), the *College Accounts Direction for 2018 to 2019* 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 FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

Basis of accounting

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

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The College currently has £26,700 of loan outstanding with bankers on terms negotiated in 2004. The terms of the existing agreement are for up to another year. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the 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 funding is not subject to reconciliation and is therefore not subject to contract adjustments.

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

Grants 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.

NOTES TO THE ACCOUNTS (CONTINUED)

1 Accounting policies (continued)

Recognition of income (continued)

Capital grant funding

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

Fee income

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

Investment income

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.

Agency arrangements

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

Accounting for post-retirement 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.

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

North Yorkshire Local Government Pension Scheme (LGPS)

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

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

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

NOTES TO THE ACCOUNTS (CONTINUED)

1 Accounting policies (continued)

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.

Non-current assets – intangible fixed assets

Intangible assets costing £2,500 or more are capitalised and recognised when future economic benefits are probable and the cost of the value or the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life, as follows:

Purchased computer software	25% per annum
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Non-current assets - tangible fixed assets

Tangible fixed assets are stated at deemed cost less accumulated depreciation. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and buildings

Land and buildings inherited from the local education authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis.

New buildings and building improvements since incorporation are included in the balance sheet at cost.

Freehold land is not depreciated as it is considered to have an infinite useful life. Freehold buildings and major adaptations to buildings are depreciated over their expected useful economic life of between 2.5% to 10% on a reducing balance basis.

Where land and buildings are acquired with the aid of specific government 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, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Assets under construction

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

Subsequent expenditure on existing fixed assets

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

NOTES TO THE ACCOUNTS (CONTINUED)

1 Accounting policies (continued)

Non-current assets - tangible fixed assets (continued)

Equipment

Equipment costing less than £2,500 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 useful economic life as follows:

Computer equipment and electrical equipment	25% per annum
Fixtures and fittings	5% - 10% per annum
Plant and machinery	5% - 10% per annum
Other equipment	10% - 25% per annum
Other furniture	10% - 25% per annum
Motor vehicles	16.67% per annum

Where equipment is acquired with the aid of specific government grants, it is 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. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

Borrowing costs

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

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure. There are no assets held under finance leases.

Investments

Listed investments held as non-current assets and current asset investments, which may include listed investments, are stated at fair value, with movements recognised in Comprehensive Income.

Inventories

Inventories are stated at the lower of their cost and net realisable value, being selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow-moving and defective items.

Cash and cash equivalents

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

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

NOTES TO THE ACCOUNTS (CONTINUED)

1 Accounting policies (continued)

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.

Foreign currency translation

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

Taxation

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

The College receives no similar exemption in respect of value added tax. For this reason the College is generally unable to recover input VAT it suffers on goods and services purchased. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate.

Provisions and contingent liabilities

Provisions are recognised when:

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

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

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

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

NOTES TO THE ACCOUNTS (CONTINUED)

1 Accounting policies (continued)

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Other key sources of estimation uncertainty

- *Tangible fixed assets*

Tangible fixed assets, other than investment properties, 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 25, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 to value the pensions liability at 31 July 2019. 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.

Scarborough Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

NOTES TO THE ACCOUNTS (CONTINUED)

2	Funding body grants	2019	2018
		£000	£000
	Recurrent Grants		
	Education and Skills Funding Agency (16-18)	4,380	4,582
	Education and Skills Funding Agency (Adult)	47	56
	Education and Skills Funding Agency (Apprenticeships)	21	-
	Specific Grants		
	Education and Skills Funding Agency (16-18)	216	44
	Education and Skills Funding Agency (Adult)	1	1
	Releases of government capital grants	79	107
	Total	4,744	4,790
3	Tuition fees and education contracts	2019	2018
		£000	£000
	Adult Education Fees	1	13
	Apprenticeship Fees and Contracts	36	1
	Fees for FE loan supported course	12	8
	Total tuition fees	49	22
	Education contracts	33	89
	Total	82	111
4	Other grants and contracts	2019	2018
		£000	£000
	Other grants and contracts	11	26
	Total	11	26
5	Other income	2019	2018
		£000	£000
	Catering income	313	330
	Other income generating activities	39	30
	Miscellaneous income	133	98
	Total	485	458
6	Investment income	2019	2018
		£000	£000
	Interest receivable	13	9
	Total	13	9

Scarborough Sixth Form College

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for the year ended 31 July 2019

NOTES TO THE ACCOUNTS (CONTINUED)

7	Donations	2019	2018
		£000	£000
	Release of deferred donations	97	28
	Other donations	13	-
	Total	110	28

8 Staff costs

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

	2019	2018
	Number	Number
Teaching staff	48	47
Support staff	50	46
Total	98	93

Staff costs for the above persons

	2019	2018
	£000	£000
Wages and salaries	3,075	2,897
Social Security costs	278	257
Other pension costs	634	535
Payroll subtotal	3,987	3,689
Contracted out staffing services	18	1
	4,005	3,690
Restructuring costs - contractual	24	6
Restructuring costs – non contractual	31	3
Total staff costs	4,060	3,699

Key management personnel

Key management personnel are those persons having responsibility for planning, directing and controlling the activities of the College and are represented by the College Management Team, which comprises the Principal, the Vice Principal (Curriculum & Quality), the Vice Principal (Student Services) and the Director of Finance.

Emoluments of key management personnel, accounting officer and other higher paid staff

	2019	2018
	Number	Number
The number of key management personnel, including the Accounting Officer was:	5	4

Scarborough Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

NOTES TO THE ACCOUNTS (CONTINUED)

8 Staff costs (continued)

Emoluments of key management personnel, accounting officer and other higher paid staff (continued)

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

	Key management personnel	
	2019 Number	2018 Number
£1 to £10,000 p.a.	1	-
£30,001 to £40,000 p.a.	1	-
£40,001 to £50,000 p.a.	-	1
£50,001 to £60,000 p.a.	1	2
£60,001 to £70,000 p.a.	1	-
£80,001 to £90,000 p.a.	1	1
	5	4

Key management personnel compensation is made up as follows:

	2019 £000	2018 £000
Basic salary	247	249
Benefits in kind	-	-
	247	249
Pension contributions	41	41
Total key management personnel compensation	288	290

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

A new Principal was appointed from 13 August 2018 following the retirement of the previous post-holder on 31 August 2018.

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

	2019 New Principal £000	2019 Outgoing Principal £000	2018 £000
Salaries	88	8	89
Benefits in kind	-	-	-
	88	8	89
Pension contributions	15	1	15

Scarborough Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

NOTES TO THE ACCOUNTS (CONTINUED)

8 Staff costs (continued)

Emoluments of key management personnel, accounting officer and other higher paid staff (continued)

The remuneration package of key management personnel, including the Principal, is subject to annual review by the Remuneration Committee of the Corporation who use benchmarking information to provide objective guidance.

The Principal reports to the Chair of the Corporation, who undertakes an annual review of his performance against the College's overall objectives using both qualitative and quantitative measures of performance.

Relationship of Principal's pay and remuneration expressed as a multiple:

	2019	2018
	Multiple	Multiple
Principal's basic salary as a multiple of the median of all staff	3.3	3.4
Principal's total remuneration as a multiple of the median of all staff	3.3	3.4

Compensation for loss of office paid to former key management personnel

	2019	2018
	£	£
Compensation paid to the former post-holder - contractual	23,650	-
Compensation paid to the former post-holder - non-contractual	1,350	-
Estimated value of other benefits	-	-

The severance payment was approved by the Chair and ratified by the Corporation.

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

Scarborough Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

NOTES TO THE ACCOUNTS (CONTINUED)

9	Other operating expenses	2019	2018
		£000	£000
	Teaching costs	136	103
	Non-teaching costs	809	668
	Catering costs	204	211
	Premises costs	253	271
	Total	1,402	1,253

Other operating expenses include:

	2019	2018
	£000	£000
Auditors' remuneration		
Financial statements audit	9	9
Internal audit	6	7
Other services provided by the financial statements auditors (TPS audit)	1	1
Losses on disposal of fixed assets (where not material)	1	-
Hire of assets under operating leases	19	21
Payment to subcontractor	92	26

10	Interest and other finance costs	2019	2018
		£000	£000
	On bank loans, overdrafts and other loans	1	1
		1	1
	Net interest on defined pension liability [note 25]	3	14
	Total	4	15

11 Taxation

The members do not believe the College is liable for any Corporation tax arising out of its activities during this year.

Scarborough Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

NOTES TO THE ACCOUNTS (CONTINUED)

12 Intangible fixed assets

	Computer Software £000
Cost or valuation	
At 1 August 2018	49
Additions	-
Disposals	(3)
At 31 July 2019	46
Amortisation	
At 1 August 2018	45
Charge for the year	4
Elimination in respect of disposals	(3)
At 31 July 2019	46
Carrying amount at 31 July 2019	-
Carrying amount at 31 July 2018	4

13 Tangible fixed assets

	Freehold land & buildings £000	Assets in course of construction £000	Equipment £000	Total £000
Cost or valuation				
At 1 August 2018	9,633	-	1,551	11,184
Additions	-	102	98	200
Disposals	-	-	(86)	(86)
At 31 July 2019	9,633	102	1,563	11,298
Depreciation				
At 1 August 2018	2,929	-	1,251	4,180
Charge for the year	152	-	123	275
Elimination in respect of disposals	-	-	(85)	(85)
At 31 July 2019	3,081	-	1,289	4,370
Net book value at 31 July 2019	6,552	102	274	6,928
Net book value at 31 July 2018	6,704	-	300	7,004

Land and buildings were valued in 1993 at depreciated replacement cost by North Yorkshire County Council.

Scarborough Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

NOTES TO THE ACCOUNTS (CONTINUED)

13 Tangible fixed assets (continued)

If inherited land and buildings had not been valued they would have been included at the following historical cost amounts:

	£000
Cost	Nil
Aggregate depreciation based on cost	Nil
Net book value based on cost	Nil

14 Debtors	2019 £000	2018 £000
Amounts falling due within one year:		
Trade receivables	31	53
Prepayments and accrued income	118	78
Amounts owed by the Education and Skills Funding Agency	29	-
Total	178	131

15 Current investments	2019 £000	2018 £000
Short term deposit	1,008	-
Total	1,008	-

The deposit is held with a bank operating in the London market and licensed by the Financial Conduct Authority with more than three months' notice at the balance sheet date. The interest rate for this deposit is variable.

16 Creditors: amounts falling due within one year	2019 £000	2018 £000
Bank loan	27	39
Trade payables	216	73
Other taxation and social security	150	126
Accruals and deferred income	384	417
Deferred income – government capital grants	77	77
Deferred income – capital donation	-	28
Amounts owed to the Education and Skills Funding Agency	18	9
Total	872	769

Scarborough Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

NOTES TO THE ACCOUNTS (CONTINUED)

17	Creditors: amounts falling due after one year	2019	2018
		£000	£000
	Bank loan	-	27
	Deferred income – government capital grants	1,660	1,617
	Deferred income – capital donation	-	69
	Total	1,660	1,713

18 Maturity of debt

Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:	2019	2018
	£000	£000
In one year or less	27	39
Between one and two years	-	27
Total	27	66

The College's bank loan is at 0.75% above the bank's base rate and is repayable by instalments due between 1 August 2019 and March 2020. The loan is unsecured.

19 Provisions

	Defined benefit obligations
	£000
At 1 August 2018	175
Expenditure in the period	(153)
Additions in the period	780
At 31 July 2019	802

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in note 25.

20 Cash and Cash equivalents

	At 1 August 2018	Cash flows	At 31 July 2019
	£000	£000	£000
Cash and cash equivalents	2,394	(1,049)	1,345
Overdrafts	-	-	-
Total	2,394	(1,049)	1,345

Scarborough Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

NOTES TO THE ACCOUNTS (CONTINUED)

21	Capital and other commitments	2019 £000	2018 £000
	Commitments contracted for at 31 July	203	-
22	Lease obligations		
	At 31 July the College had minimum lease payments under non-cancellable operating leases as follows:		
	Future minimum lease payments due	2019 £000	2018 £000
	Land and Buildings	Nil	Nil
	Other		
	Not later than one year	17	16
	Later than one year and not later than five years	11	27
		28	43
23	Contingencies		
	There are no contingent liabilities to report.		
24	Events after the reporting period		
	In September 2019, the College decided to withdraw its apprenticeship provision and has made arrangements for any existing apprentices to transfer to other providers.		
25	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 Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by North Yorkshire County Council. Both are multi-employer defined-benefit plans.		
	Total pension cost for the year	2019 £000	2018 £000
	Teachers' Pension Scheme: contributions paid	302	301
	LGPS:		
	Contributions paid	157	129
	FRS 102 (28) charge	175	105
	Charge to the Statement of Comprehensive Income & Expenditure	332	234
	Total pension cost for year within staff costs	634	535

NOTES TO THE ACCOUNTS (CONTINUED)

25 Defined benefit obligations (continued)

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

Contributions amounting to £67,600 (2018 £62,500) were payable to the schemes at 31 July and are included in creditors.

Teachers' Pension Scheme

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

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

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

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

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

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (DfE) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9). The DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

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

The pension costs paid to TPS in the year amounted to £301,300 (2018: £300,100).

Scarborough Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

NOTES TO THE ACCOUNTS (CONTINUED)

25 Defined benefit obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by the North Yorkshire Pension Fund. The total contributions made for the year ended 31 July 2019 was £205,600 of which employers' contributions totalled £156,000 and employees' contributions totalled £49,600. The agreed contribution rates for future years for employees are 5.5% to 12.5% (depending on salary); and for employers were 18.3% with effect from 1 April 2018 and 19.5% with effect from 1 April 2019.

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2019 by a qualified independent actuary (Aon Hewitt Limited).

	At 31 July 2019	At 31 July 2018
Rate of increase in salaries	3.45%	3.35%
Future pension increases	2.20%	2.10%
Discount rate for scheme liabilities	2.1%	2.8%
Inflation assumption (CPI)	2.2%	2.1%
Commutation of pensions lump sum	75.0%	75.0%

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 2019 Years	At 31 July 2018 Years
<i>Retiring today</i>		
Males	21.90	22.90
Females	25.10	26.40
<i>Retiring in 20 years</i>		
Males	23.60	25.10
Females	26.90	28.70

	At 31 July 2019 £000	At 31 July 2018 £000
<i>Sensitivity Analysis</i>		
Discount rate +0.1%	6,234	5,273
Discount rate -0.1%	6,487	5,487
Mortality assumption – 1 year increase	6,150	5,226
Mortality assumption – 1 year decrease	6,571	5,533
CPI rate +0.1%	6,457	5,462
CPI rate -0.1%	6,263	5,298

NOTES TO THE ACCOUNTS (CONTINUED)

25 Defined benefit obligations (continued)

LGPS principal actuarial assumptions (continued)

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

	Fair value at 31 July 2019 £000	Fair value at 31 July 2018 £000
Equity instruments	3,813	3,924
Property	433	416
Debt instruments	1,061	848
Cash	250	16
Total fair value of plan assets	5,557	5,204
Actual return on plan assets	346	599

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

	2019 £000	2018 £000
Fair value of plan assets	5,557	5,204
Present value of plan liabilities	(6,359)	(5,379)
Net pensions liability [note 19]	(802)	(175)

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

	2019 £000	2018 £000
Amounts included in staff costs		
Current service cost	255	234
Past service cost	73	-
Total	328	234

	2019 £000	2018 £000
Amounts included in interest payable		
Net interest payable	3	14
Total	3	14

NOTES TO THE ACCOUNTS (CONTINUED)

25 Defined benefit obligations (continued)

LGPS principal actuarial assumptions (continued)

Amounts recognised in other comprehensive income and expenditure

	2019	2018
	£000	£000
Return on pension plan assets	200	480
Experience gains/(losses) arising on defined benefit obligations	(7)	79
Changes in assumptions underlying the present value of plan liabilities	(642)	-
Amount recognised in other comprehensive income	(449)	559

Movement in net defined benefit liability during year

	2019	2018
	£000	£000
Net defined benefit liability in scheme at 1 August	(175)	(615)
Movement in year:		
Current service cost	(255)	(234)
Employer contributions	153	129
Past service cost	(73)	-
Net interest on the defined liability	(3)	(14)
Actuarial gain or loss	(449)	559
Net defined benefit liability at 31 July	(802)	(175)

Asset and liability reconciliation

Changes in the present value of defined benefit obligations

	2019	2018
	£000	£000
Defined benefit obligations at start of period	5,379	5,165
Current service cost	255	234
Interest cost	149	133
Contributions by scheme participants	49	45
Experience gains and losses on defined benefit obligations	7	(79)
Changes in financial assumptions	642	-
Estimated benefits paid	(195)	(119)
Past service costs	73	-
Curtailments and settlements	-	-
Defined benefit obligations at end of period	6,359	5,379

Changes in fair value of plan assets

	2019	2018
	£000	£000
Fair value of plan assets at start of period	5,204	4,550
Interest on plan assets	146	119
Return on plan assets	200	480
Employer contributions	153	129
Contributions by scheme participants	49	45
Estimated benefits paid	(195)	(119)
Fair value of plan assets at end of period	5,557	5,204

NOTES TO THE ACCOUNTS (CONTINUED)

25 Defined benefit obligations (continued)

LGPS principal actuarial assumptions (continued)

McCloud / Sergeant Judgement

In December 2018 the Court of Appeal ruled in the 'McCloud / Sergeant' judgement that the transitional protection arrangements put in place when the Firefighters' and Judges' pension schemes were reformed were age discriminatory. The Government applied to the Supreme Court for permission to appeal this judgement, however the Supreme Court rejected the Government's request on 27 June 2019. The next stage is for the case to be referred to the Employment Tribunal to agree the remedy, following appropriate consultation. In a Ministerial statement dated 15 July 2019 Government committed to extending a remedy across all public sector schemes which included similar transitional protection arrangements.

In preparing the update to the actuarial valuation for the LGPS, the College instructed the appointed actuary to calculate a constructive obligation at 31 July 2019, in relation to a potential remedy, using an approximate method.

The accounts presented above include a past service cost of £73,000 in respect of the 'McCloud / Sergeant' judgment. The underpin liability has been calculated as 8.9% of the annualised pensionable pay over the accounting period ending 31 July 2019.

GMP Equalisation Judgement

This case related to the equalisation for men and women of guaranteed minimum pension (GMP) for those who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. In October 2018 the High Court ruled that equalisation of GMP was required. This case was in relation to Lloyds Bank and HM Treasury have since gone on record to state public sector schemes have a method to equalise GMP already. There is however some judgement in how this equalisation works and is reflected in the LGPS valuations. Actuaries have estimated that the impact of GMP indexation to be around 0.3% of total liabilities. Based on this estimate it would increase liabilities by £2,400 which has been assessed to be immaterial to the financial statements.

26 Related party transactions

Due 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. No transactions were identified which should be disclosed under Financial Reporting Standard 8 Related Party Disclosures.

No governor, other than staff governors and the Principal, has received any remuneration or waived payments from the College during the year (2017-18: None).

Scarborough Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

NOTES TO THE ACCOUNTS (CONTINUED)

27 Amounts disbursed as agent

Learner Support Funds	2019 £000	2018 £000
16-18 bursary grants	160	193
Disbursed to students	(139)	(156)
Administration costs	(7)	(9)
Balance unspent as at 31 July, included in creditors	14	28

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 and Expenditure.