

WYKE SIXTH FORM COLLEGE
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019

Wyke 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 Senior Management Team and were represented by the following in 2018/19:

P J Britton	Principal; Accounting Officer (appointed 20 August 2018)
J Trivedy	Principal; Accounting Officer (resigned 31 August 2018)
M C Rothery	Vice Principal (resigned 31 August 2018)
P J Peaks	Deputy Principal
J A Davies	Assistant Principal
C Herring	Assistant Principal
MA Wilmot	Director of Finance
J Anderson	HR Manager

Board of Governors

A full list of Governors is given on pages 10 and 11 of these financial statements.

F Bagchi acted as Clerk to the Corporation throughout the period.

Professional advisers

Financial statements auditors and reporting accountants:

RSM UK Audit LLP
2 Humber Quays
Wellington Street West
Hull
HU1 2BN

Internal auditors

Audit One
Kirkstone Villa
Lanchester Road Hospital
Durham, DH1 5RD

Bankers

Barclays Bank plc
2 Humber Quays
Wellington Street West
Hull
HU1 2BN

Lloyds Banking Group plc
2nd Floor
14 Church Street
Sheffield
South Yorkshire
S1 1HP

Solicitors

Eversheds LLP
Eversheds House
70 Great Bridgewater Street
Manchester, M1 5ES

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Wyke Sixth Form College

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for the year ended 31 July 2019

REPORT OF THE GOVERNING BODY

Nature, Objectives and Strategies

The members present their report and the audited financial statements for the year ended 31 July 2019.

Legal status

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

Background of the College

Wyke Sixth Form College was established in 1988. The growth of the College has been significant to the extent that it now recruits over 50% of its students from the East Riding of Yorkshire, North Yorkshire and North Lincolnshire. Some students travel up to 30 miles to attend Wyke.

Wyke is on the western edge of the historic city of Hull and is close to both the rural and coastal parts of the East Riding of Yorkshire. However, the College still draws strongly from deprived areas of Hull, so that the student body represents a good cross section of the community.

The College is a principal partner of the University of Hull.

Mission

The College's mission as approved by its members is:

"Inspire and support all students to achieve exceptional success".

Public Benefit

Wyke Sixth Form College is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education for Sixth Form Colleges. The members of the Governing Body, who are trustees of the Charity, are disclosed on pages 10-11.

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
- Widening participation and tackling social exclusion
- Excellent employment record for students by providing employability skills
- Strong student support systems
- Links with Higher Education, employers, industry and commerce
- Links with Local Enterprise Partnerships (LEPs)

For the benefit of the local community, the College:

- Hosts apprenticeships and provides work experience
- Provides employment for the local community
- Holds theatre and music productions which the local community can attend
- Hires out the College facilities for the use of local community clubs and societies

The delivery of public benefit is covered throughout the Report of the Governing Body.

Wyke Sixth Form College

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REPORT OF THE GOVERNING BODY (CONTINUED)

Implementation of strategic plan

The College has developed a Strategic Plan with the aim to embody the characteristics of an Outstanding College. The Corporation monitors the performance of the College against the headline targets outlined in the Strategic Plan which are to be a college:

- Where the outcomes are outstanding
- Which consistently attracts students (from the established patterns of travel)
- Which attracts, retains and develops highly and appropriately qualified and talented staff
- Which forges partnerships in order to support our students
- Which is financially secure through the optimisation of income & costs

Financial objectives

The College wishes to remain financially sound so as to:

- Generate sufficient income to enable continued maintenance and improvement of all teaching and support facilities
- Protect itself from unforeseen adverse changes in student enrolment
- Maintain the confidence of the Education and Skills Funding Agency, bankers, auditors and external suppliers
- Meet the Banks' Financial Covenants

Performance indicators

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.UK website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency ("ESFA"). The Finance Record generates numerous ratios covering liquidity, cash generation, gearing, margin, income, expenditure and staff costs. The overall financial health grading of the College for 2018/19 is based on the following measures:

Ratio	Target	Actual for 2018/19
Adjusted current ratio	1.29	0.97
EBITDA as a % of income – education specific	6.9	6.1
Borrowing as a % of income	39.3	39.1

Based on the above ratios the College's calculated financial health rating for 2018/19 is Requires Improvement and the college expects the same rating for 2019/20. During the year the ESFA revised the health ratings with the replacing of Satisfactory with Requires Improvement, although the underlying methodology is being reviewed. The rating of Requires Improvement is not considered to be a significant issue for the College given its underlying points score. In addition, the announced increase in per student funding and the increase in student numbers will significantly improve the College's financial health rating in 2020/21.

The College also uses a number of additional internal key performance indicators to track its financial performance, these are shown in the following table:

Key performance indicator	Target	Actual for 2018/19
ESFA income as a % of total income	92.3	90.8
Pay expenditure (excluding restructuring costs) as a % of income (excluding capital grants)	67.5	61.8
Operating margin as a % of income	1.3	0.4
Cash days in hand	36.5	31.1
Borrowing as a % of net assets (excluding pension liability and capital grants)	22.0	22.1

Wyke Sixth Form College

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for the year ended 31 July 2019

REPORT OF THE GOVERNING BODY (CONTINUED)

Performance indicators (continued)

In terms of performance the College again showed a positive value added score. Pass rates for A level courses continue to be above the national average at 99.2%.

The College assesses itself against national benchmarking data on pass rate, retention, achievement and value-added.

Financial Position

Financial results

The College has declared an operating deficit of £157,000 (2017/18 surplus £140,000) after charging depreciation of £735,000 (2017/18: £777,000).

The College has accumulated income and expenditure reserves of £1,110,000 as at 31 July 2019 (2017: £1,397,000). Capital expenditure during the year was £233,000 (2017/18: £346,000). The main elements of capital expenditure were on computer equipment and fixtures and fittings.

The staff of the College are valued by the Corporation. As a result, the Corporation are pleased to be able to financially reward all their staff at the highest possible salary level within the constraints imposed by the ESFA level of funding and the nationally negotiated settlements.

The College has significant reliance on the ESFA for its principal funding source, largely from recurrent grants. In 2018/19 the ESFA provided 91 % of the College's total income.

Treasury policies and objectives

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

The College has a separate treasury management policy in place. Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation.

With the introduction of the Education Act 2011 the College now has increased freedom in terms of borrowings and will no longer have to obtain the consent of the relevant body. However, any decisions to undertake future borrowings would only be taken after proper consultation by Senior Management within the College and with the prior approval of the College Corporation.

Cash flows and liquidity

The College's cash position as at 31 July 2019 was £786,000 (2017/18 £797,000). The College generated cash from operations of £658,000 in 2018/19 (2017/18 £760,000) and aims to keep cash reserves sufficient to cover the pay costs and non-pay costs for at least the next month.

The size of the College's total borrowing and its approach to interest rates have been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cash flow. During the year this margin was comfortably exceeded.

Reserves policy

The College recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the College's core activities. The College maintains cash reserves to cover the pay and non-pay costs for at least the next month. As at the balance sheet date the Income and Expenditure reserve stands at £1,110,000 (2018: £1,397,000). In line with the strategic plan the reserve is forecast to increase by £116,000 in 2019/20.

Wyke Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

REPORT OF THE GOVERNING BODY (CONTINUED)

Current and Future Development and Performance

Student numbers and achievements

The College is funded according to the level of activity generated each year. In 2018/19, the College achieved Learner Numbers of 2,009 against a target of 1,950 (16-19 learners). Based on enrolment activity levels it is anticipated that learner numbers will be a record level of around 2,150 for 2019/20.

The College matches the performance of many of the top performing sixth form colleges. In relation to value added measurements the College is aligned with the top 25% of colleges using the ALPS performance measure.

The College offers additional support to mainstream students with sensory impairment, dyslexia, physical, psychological and other specific learning needs.

Curriculum Developments

The flyers program continued to recruit our highest performing students with approximately 180 students joining the program from the year 1 in-take.

The size of the College's single year cohort increased from 94 in 2017/18 to 115 in 2018/19. The majority of these students studied GCSE subjects combined with a Level 2 BTEC course.

Events after the end of the reporting period

No significant post-balance sheet events.

Future prospects

The College has an excellent local reputation and has shown a strong pattern of managed growth. It is established as a college of approximately 2,100 full time students with a curriculum that suits the needs of students, the local community and national aims. Achievement rates, value added and progression data are all excellent and the college remains the 'preferred choice' for students. Careful analysis of demographics within our travel to learn area shows growth for the next two years, followed by a small decline. Therefore, the College is well placed to maintain current size and expects to offer a very similar curriculum over this period.

Following the Area Based Review in October 2016 the Venn federation of five sixth form colleges has been created, of which Wyke is an active partner.

Going Concern

The College incurred a deficit of £287,000 (including pension re-measurement charge of £130,000) in 2018/19 against a forecast surplus of £115,000 and has budgeted for a surplus of £116,000 in 2019/20 in line with anticipated student numbers.

A 24-month rolling cash flow forecast is produced each month and this shows a healthy cash position when projected forward as far as August 2021. It has not been necessary for the College to call upon bank support for working capital purposes in 2018/19 and it is unlikely to be needed in 2019/20 based on a forecast surplus and cash positions. The announced increase in per student funding and the increase in student numbers significantly benefits the College's in terms of operating surplus and cash position from August 2020.

Student numbers in 2019/20 are expected to increase to around 2,150 which is being managed with existing resources and therefore the projection of a surplus of £116,000 in 2019/20 is considered to be achievable.

Wyke Sixth Form College

FINANCIAL STATEMENTS

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REPORT OF THE GOVERNING BODY (CONTINUED)

Going concern (continued)

Having due regard to best practice developments in the UK Corporate Governance Code 2016 in respect of going concern and risk management reporting, the Corporation considers that the College has adequate resources to continue in operational existence and meet its liabilities for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Resources

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

Tangible resources include the main College site.

Financial

The College has £2.54 m of net assets (including £0.605m pension liability) and reported long term debt of £3.460 m.

People

The College employs 195 people (expressed as full time equivalents 140), of whom 85 (83 FTE) are teaching staff.

Reputation

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

Principal risks and uncertainties

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

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

Individual Risk Registers for eight strategic risk areas have been compiled by members of the Senior Management Team. The risk registers identify the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system based on likelihood and consequence. The highest scoring risks are escalated to the strategic risk register which is presented to each meeting of the Audit Committee; the full risk register is presented annually to the Audit Committee.

The eight strategic risk areas are:

- Results – maintaining the quality of outcomes
- Student experience – well being
- Staffing – engagement, performance & recruitment
- Recruitment – students
- Financial viability
- Infrastructure
- External factors, such as funding
- Governance & leadership

Wyke Sixth Form College

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REPORT OF THE GOVERNING BODY (CONTINUED)

Principal risks and uncertainties (continued)

Not all the factors are within the College's control and other factors may also adversely affect the College. Outlined below is a description of the principal risks and uncertainties:

1. Student Recruitment and Tuition Fees

The College is reliant on its 16-18 student numbers as its main source of revenue. It continues to seek innovative ways of marketing to compete with increased competition from schools in the East Riding which have their own sixth forms and other Colleges locally who are now seeking to sustain their own provision. In recent years Wyke has rapidly grown as a result of excellent academic results and the complete redevelopment of the College and its facilities. The areas from which students are recruited continue to expand and the transport provided has grown to service this demand. The success of the College combined with effective marketing tactics, means that recruitment continues to be healthy. Enrolment in September 2019 was at a level which indicates that student numbers at the 2019 census date will be close to the College's capacity. The College will continue to seek ways to maintain its 16-19 student numbers in order to minimise the impact any changes in funding will have on its recurrent income. The marketing strategy for 2019/20 continues to be adapted in order to market for recruitment in an increasingly competitive environment.

In line with the majority of other colleges, Wyke College increased its tuition fees in accordance with the rising fee assumptions. This had only a small impact on the College as the majority of its students qualify for fee remission and are fully funded by the ESFA.

The College continues to work with an external agency to recruit a small number of overseas students wishing to study level 3 courses.

2. Infrastructure & Delivery of the College Accommodation Strategy

As the College reaches capacity in terms of student numbers, consideration continues to be given to expansion of the refectory and library areas in order to provide more recreational and study space for students. This will only be progressed provided government capital funding can be obtained.

The Capital Plan is developed annually by the Senior Management Team scrutinising bids from budget holders across the College. This ensures that the infrastructure, including the IT replacement programme, is maintained at an appropriate level.

3. External factors & Government funding

The College is aware of several issues which may impact on future funding, including apprenticeship reforms and the devolution of the adult education budget. The College, in conjunction with its key stakeholders, is developing a strategy for growth in response to the devolution agenda and to the apprenticeships reform. It is recognised that the introduction of the apprenticeship levy has affected that marketplace though the full implications are not yet known as government policy continues to develop.

The College has considerable reliance on continued government funding through the further education sector funding body. In 2018/19, 91% 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.

Uncertainties exist in the future valuation of the Local Government Pension Fund in terms of the actuary's assumptions regarding investment returns, pay growth, pension increases, life expectancy etc.

The risks are mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies and continuing regular dialogue
- Building income and expenditure reserves

REPORT OF THE GOVERNING BODY (CONTINUED)

Principal risks and uncertainties (continued)

4. Failure to maintain the financial viability of the College

The College's current financial health grade is classified as Requires Improvement and the college expects the same rating for 2019/20. This is largely the consequence of a low level of operating surplus. The potential to achieve a Good rating is significantly impacted by the levels of borrowings which have funded investment to enable student growth over recent years. It should be noted that the health grade points score of the College would have resulted in a grading of Satisfactory prior to ESFA changes to the grading system although it is also noted that the underlying points score methodology is being reviewed by the funding body. Notwithstanding that, the continuing challenge to the College's financial position remains the need to meet its financial obligations within the constraint on further education funding arising from the ongoing cuts in public sector spending whilst maintaining the student experience via continued investment. This risk is mitigated in a number of ways:

- rigorous budget setting procedures and sensitivity analysis;
- regular in year budget monitoring;
- robust financial controls;
- exploring ongoing procurement efficiencies.

5. Failure to maintain the financial viability of the College

The financial statements report the share of the pension scheme deficit on the College's balance sheet in line with requirements of FRS 102. The risk is mitigated by an agreed deficit recovery plan with the East Riding Council Local Government Pension Scheme.

Stakeholder Relationships

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

- Students;
- Education Sector Funding Body;
- Sixth Form Commissioner;
- Staff;
- Local employers (with specific links);
- Local Authorities;
- Government Offices/ Regional Development Agencies/LEP's;
- The local community;
- Other FE institutions;
- Trade unions;
- Professional bodies.

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

The College continues to be active within Hull in supporting local partner schools.

Staff and student involvement

The College considers good communications with both staff and students a vital component in the ethos of the College. This is achieved by various methods:

- the majority of staff have a daily briefing and a weekly Newsletter is circulated to all staff;
- information about events appears daily on the video wall and on the plasma screens throughout the College;
- the students are well represented by their own student body which is supported by the College;
- both staff and students are encouraged to be involved in working groups and committees;
- there are two staff members and two student representatives on the Corporation.

Wyke Sixth Form College

FINANCIAL STATEMENTS

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REPORT OF THE GOVERNING BODY (CONTINUED)

Equality and Diversity

The College celebrates and values the diversity brought to its community by individuals and is committed to the principle of equality of opportunity in relation to all potential and actual students and staff. It has developed a Single Equality Scheme and associated action plan which is reviewed regularly by the Personnel Committee of Corporation. This scheme covers all nine characteristics protected under the Equality Act 2010. A data collection exercise has been undertaken to better understand the staffing profile. This information will feed in to the equality action plan and inform other personnel activities.

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

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

The College is a "Disability Confident" employer and has committed to the principles and objectives of the standard. The College considers all employment applications from disabled persons, bearing in mind the aptitude of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post.

The College has also implemented an updated Equality and Diversity training programme which all staff have attended. Refresher training and training for new starters is carried out on an ongoing basis.

The College has a fully developed and closely monitored procedure for equality of opportunity in staff recruitment. Continuing to improve diversity throughout the College is an ongoing consideration. Balanced and mixed fields of candidates have been interviewed for posts advertised this year and the College remains committed to appointing the best candidate for a post.

Employment of disabled persons

The College considers all applications for employment from disabled persons, bearing in mind the aptitudes of the persons 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.

Compliance with Disability Legislation

The College is committed to the spirit and the letter of the Equality Act 2010. Wyke Sixth Form College is well known for the quality of the provision it makes for students with disabilities. In particular:

- All fire alarm sounders are fitted with visual as well as audible indicators.
- The College employs an expanded team of learning support assistants, to meet a wide range of learners' needs, as well as providing specialist help with note-taking and signing.
- Training in Equality and Diversity has been given to all staff, and now forms part of the standard induction programme for new employees.
- Specific training to promote awareness of relevant disabilities has been undertaken for staff in significant contact with particular learners.
- Liaison with partner special and secondary schools is aimed at providing continuity of support for learners at the age of 16, so that support needs are explored as fully as possible before the young person enrolls.
- Links with support agencies outside the College are maintained and developed.

Wyke Sixth Form College

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REPORT OF THE GOVERNING BODY (CONTINUED)

Equality and diversity (continued)

The monitoring of key indicators in the student population has continued, and no significant performance gaps in relation to disability or race have been identified.

The College is a provider of 16-19 education and, in 2018/19, 99.3% of students were recorded as being in this age group at the College census date, which is 6 weeks from the start of a student's course. 59.4% of students were recorded as female and 40.6% were recorded as male. Ways to increase the proportion of male students continue to be considered by the Opportunities and Marketing Groups. 9.2% of the student population were recorded as being from a Black or Minority Ethnic (BME) group. This is lower than the 2011 census data for Hull, where 10.86% of the population were recorded as being from a BME group. The equivalent figure for the East Riding of Yorkshire (also a major catchment area for the College) was 6.97%.

Key performance measures of retention and achievement are analysed by gender, age and ethnicity. In house systems of monitoring value added allows for focussed intervention with learners. Monitoring by specialist progress tutors promotes the setting of targets and the provision of support where needed in order for students to achieve their goals. Overall value added outcomes are positive.

Following an action from a previous Disability Equality Action Plan the College now also monitors students by disability. 14.3% of students were recorded as having some form of disability or learning difficulty at the start of 2017/18. The College website is accessible to disabled students. The redevelopment of the College has improved access and facilities for disabled students.

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the College to publish information on facility time arrangements for trade union officials at the College.

Relevant union official

Union Officials during the period	FTE employee number
1	1

Record of time spent on facility time

Percentage of time	Number of employees
0%	0
1-50%	1
51-99%	0
100%	0

Percentage of pay bill spent on facility time

Total cost of facility time	£527
Total pay bill	£4,594,000
Percentage of total bill spent on facility time	0.000115%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time	0%
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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 12 December 2019 and signed on its behalf by:



J Wilson
Chairman

Wyke Sixth Form College

FINANCIAL STATEMENTS

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STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and financial statements of the College to obtain a better understanding of its governance and legal structure. This 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 2016 ("the Code") insofar as it is applicable to the sixth form college sector.

The College is committed to exhibiting best practice in all aspects of corporate governance. In the opinion of the Corporation members, the College complies with all the provisions of the Code in so far as they apply to the sixth form college sector, and it has complied throughout the year ended 31 July 2019. The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. The College has not formally adopted the English Colleges' Code of Good Governance, although the Corporation's Audit Committee receives an annual summary report on the College's performance with reference to its 10 key governance principles.

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

The members who served the Corporation during the year under review and up to the date of signing were as follows:

	Date of appointment	Term of office	Date of resignation/retirement	Status of appointment	Committees ¹ served	Corporation attendance 2018/19 ²
Emma Albeck	12 July 2016	4 years		Staff Member		83% (5/6)
Amalia Booker	13 December 2019	4 years	17 March 2019	Corporation Member		50% (2/4)
Paul Britton	20 August 2018	Ex officio		Principal of College	C&Q; F&GP; Personnel; Search; Student	83% (5/6)
Patrick Cavanagh	22 May 2018	4 years		Corporation Member		83% (5/6)
Neil Cavill	7 March 2016 Reappointed 12 July 2016	4 years	25 September 2018	Parent Member; Corporation Member		0% (0/0)
Paul Davis	13 December 2019	4 years		Corporation Member		75% (3/4)
Ruth Dönmez	13 December 2017. Re-appointed 1 September 2019	4 years	31 August 2019	Parent Member Corporation Member	Personnel	83% (5/6)
John Gilleard	15 May 2014 Re-appointed 22 May 2018	4 years		Corporation Member	Audit (Chair)	83% (5/6)
Jackie Goodman	15 December 2005 Reappointed 1 September 2007, 1 September 2011, 1 September 2015, 2 September 2019	4 years		Parent Member Co-opted Member Corporation Member	C&Q (Chair); Remuneration.	83 % (5/6)
Cole Green	27 September 2018	4 years	31 August 2019	Student Member	Student (Vice-Chair)	20% (1/5)
Jennifer Greenwood	1 September 2019	4 years		Student Member		0% (0/0)
Kevin Hiron	13 December 2019	4 years		Parent Member		100% (4/4)

Wyke Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

The Corporation (continued)

	Date of appointment	Term of office	Date of resignation /retirement	Status of appointment	Committees ¹ served	Corporation attendance 2018/19
Dr Dina Lewis	28 September 2016	4 years		Corporation Member	C&Q; Search, Remuneration.	67% (4/6)
Mark Lucid	Corporation Member	4 years		Staff Member		60% (3/5)
Mark Moore	7 March 2016	4 years		Corporation Member	F&GP	67% (4/6)
Jane Price	7 Mar. 2016 Reappointed 1 Sept. 2017	4 years	31 August 2017	Parent Member Corporation member	Audit (Vice-Chair from 15 Oct. 2019); C&Q (Vice-Chair); Search & Governance (Vice-Chair); Student	83% (5/6)
Samuel Richards	1 September 2019	4 years		Student Member		0% (0/0)
Steve Sellers	19 May 2015. Re-appointed 21 May 2019	4 years		Corporation member	Personnel (Vice-Chair)	33% (2/6)
John Shipley	29 September 2011, 28 September 2015	4 years	28 September 2019	Corporation member	Audit, Personnel	67% (4/6)
Phil Taylor Vice-Chair of Corporation	17 February 2011 Re-appointed 17 February 2015, 18 February 2019	4 years		Corporation Member	Corporation (Vice-Chair); F&GP (Vice-Chair); Personnel (Chair); Remuneration. (Chair); Search; Student	83% (5/6)
Lacey Trebilcock	15 March 2018	4 years	31 August 2019	Student Member		33% (2/6)
Jay Trivedy	1 September 2011	Ex officio	31 August 2018	Principal of College		0% (0/0)
Amanda Wilcox	13 December 2017	4 years	2 August 2018	Corporation Member		0% (0/0)
John Wilson Chair of Corporation	30 September 1992 Reappointed 2 July 1996, 1 July 2000, 29 June 2004 & 30 June 2008, 30 June 2012 & 1 June 2016	4 years		Business Member Corporation Member	Corporation (Chair); F&GP (Chair), Search (Chair); C&Q; Remuneration, Student	100% (6/6)
Philip Wright	25 November 2004 Reappointed 25 November 2008, 25 November 2012 & 26 November 2016	4 years		Business Member Corporation Member	Audit (Vice-Chair to 14 Oct. 2019); Remuneration. (Vice-Chair)	83% (5/6)
There were no external co-opted committee members in 2018/19.						
Fiona Bagchi acts as Clerk to the Corporation.						

¹ Committee abbreviations: Audit = Audit Committee; C&Q = Curriculum & Quality Committee; F&GP = Finance & General Purposes Committee; Personnel = Personnel Committee; Remuneration = Remuneration Committee; Search = Search & Governance Committee; Student = Student Committee

² Corporation attendance is meetings attended divided by maximum possible meetings which could have been attended. Committee attendance is not shown.

Wyke Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

The Corporation (continued)

Since 3 October 2011 all Corporation members (other than the Principal, Staff, Parent and Student Members) have been appointed in the Corporation Member category.

Overall Corporation attendance during 2018/19 was 71% against an approved target of 75%.

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

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

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Audit, Curriculum and Quality, Finance and General Purposes, Personnel, Remuneration, Search and Governance; Student.

Full approved minutes of all meetings of the Corporation and its committees, except those of meetings or discussions deemed to be confidential by the Corporation, are available on the College website at: <http://www.wyke.ac.uk>. Minutes can also be obtained from the Clerk to the Corporation at: Wyke Sixth Form College, Bricknell Avenue, Hull, HU5 4NT.

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

All Corporation members 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 Corporation members in a timely manner, prior to Corporation 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. Corporation members have sufficient knowledge of the College to enable them to discharge their duties effectively.

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

The Chair is responsible for the leadership of the Corporation and for ensuring its effectiveness.

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 and Governance Committee comprising of the Chair of the Corporation and four other Corporation members. The Committee is responsible for the selection and nomination of new members for the Corporation's consideration. The Search and Governance Committee is responsible for ensuring that appropriate induction and training is provided to new and existing Corporation members as required. Members of the Corporation are appointed for an initial term of office not exceeding four years. Reappointment of independent members for additional terms is subject to satisfactory performance and the possession of skill and expertise which remain relevant to the Corporation's needs.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Appointments to the Corporation (continued)

The Corporation does not have an agreed maximum term of office. Parent members are appointed to the Corporation following self-nomination, interview and recommendation by the Search & Nominations Committee. Staff Members of Corporation are elected by staff members. Student Members are appointed from the Student Association Executive. Corporation's appointment policy and information on Corporation vacancies are published on the College website.

Corporation's Policy and procedures for the appointment, re-appointment and replacement of members of Corporation states that Corporation will seek to maintain a range of skills within its membership, is committed to promoting equality and diversity and will seek to achieve and maintain a membership which is representative of the community it serves. The Corporation's responsibilities and commitments as set out under its approved Single Equality Scheme include "...monitoring that: The membership of the Corporation reflects the communities served by the College where possible. Women and men are given an equal opportunity to be members of the Corporation and in the event of significant under-representation of either women or men, the Corporation will consider what steps can properly be taken to address that under-representation". Corporation fulfils these responsibilities through its Search and Governance Committee which reviews, at each of its scheduled meetings, Corporation's skills audit, together with gender and ethnic representation on the Corporation.

The student equality & diversity report, considered at the December 2018 Corporation meeting, recorded that, in 2017/18, 58.7% of the students were recorded as female and 41.3% as male, 86.1% described themselves as 'White British/Irish/Other', 5.4% of students were recorded as from a BME group (which was lower than the proportion identified at the 2011 census for Hull of 10.86%) and 1.7% did not provide any information. The staff profile presented to the December 2018 Corporation meeting stated that 63% of the College's employees were recorded as female and 37% as male and 95% of the College's employees described themselves as 'White British'.

The Corporation had a long term target of gender balance and a shorter term target of a gender balance no worse than the sector average i.e. 40%. The December 2018 Corporation noted that female representation on the Corporation, which had been 41% in Sept. 2018, would fall to 35% by December 2018 and approved, on the recommendation of the Search & Governance Committee, an increase in Corporation membership from 20 to 22 members, as permitted under the Instrument of Government, as part of succession planning, with any increase effective from the date of any additional appointments. The Corporation noted that temporarily increasing Corporation membership, together with co-option to committees, had enabled the Corporations to increase female membership from an average of 25% during 2015/16 to 45% from 20 March. 2017. The Search & Governance Committee meeting noted that from 28 September 2019, 33% of the current complement of Corporation members were recorded as female.

The Corporation noted that Black and Minority Ethnic (BME) representation on the Corporation, which had been around 10.5% until Aug. 2018, had, following retirements, fallen to 0% by September 2018.

The 2011 Census records around 51% of the national and local population as female, with just under 86% of the population of Yorkshire and the Humber declaring themselves to be White British. The 2011 census for Hull records 10.86% of the population as from a BME group. Female and BME representation on the Corporation is therefore currently lower than that for the College's staff, student & local populations.

Corporation performance

Corporation and committee members assess their effectiveness annually, using self-assessment questionnaires.

During 2018/19 the Corporation's Curriculum & Quality (C&Q) Committee reviewed reports on academic quality at each meeting, with members taking part in the College's Self-Assessment Report (SAR) grade moderation meeting. The Corporation ratified the College's approved SAR 2017/18 and Quality Improvement Plan (QIP) at its January 2019 meeting, on the recommendation of the C&Q Committee.

Wyke Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Remuneration Committee

The Remuneration Committee has a determined membership of 5. The Principal and staff and student members of Corporation are not eligible for membership. The committee's responsibilities are to make recommendations to the Corporation on the remuneration and benefits of the Accounting Officer and other designated senior post holders. Details of remuneration for the year ended 31 July 2019 are set out in note 6 to the financial statements.

The Corporation meeting held on 26 September 2019 adopted the Association of Colleges' *The Colleges' Senior Postholder Remuneration Code*.

Audit Committee

The Audit Committee has a determined membership of 5 members, up to one of whom may be an external co-opted member. During 2018/19, the Committee had a vacancy for one member i.e. it had 4 members, who were also members of the Corporation. The Chair of the Corporation and the Principal, as Chief Accounting Officer, are not members of the committee. No staff members are members of the committee. The committee operates in accordance with written terms of reference approved by the Corporation. Collectively, members of the committee have recent, relevant experience in risk management, finance and audit and assurance.

The role of the committee includes advising the Corporation on the adequacy and effectiveness of the college's assurance framework. In addition, the committee advises and supports the Corporation in explaining in its annual report and accounts the measures it has taken to ensure it has fulfilled its statutory and regulatory responsibilities.

The Audit Committee meets four times a year and at least 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.

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

The Audit Committee also advises the Corporation on the appointment of internal, regularity 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. Such a system is, however, 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 conditions of funding between the College and the Funding Body. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

Wyke Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Internal control (continued)

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 Wyke Sixth Form College for the year ended 31 July 2019 and up to the date of approval of the annual report and financial statements.

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 Corporation, the College's governing body
- regular reviews by the finance committee of monthly 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.

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

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. The Principal's 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 statement and regularity auditors in their management letters and other reports

Wyke Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Internal control (continued)

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

The Accounting Officer and 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 Accounting Officer and 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 and internal audit, and taking account of events since 31 July 2019.

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

Going concern

The College's cash position as at 31 July 2019 was £786,000 (2017/18 £797,000). The College generated cash from operations of £658,000 in 2018/19 (2017/18 £760,000) and aims to keep cash reserves sufficient to cover pay costs and non-pay costs for at least the next month.

A 24-month rolling cash flow forecast is produced each month and this shows a healthy cash position when projected forward as far as August 2021. It has not been necessary for the College to call upon bank support for working capital purposes in 2018/19 and it is unlikely to be needed in 2019/20 based on a forecast surplus and cash positions. The announced increase in per student funding and the increase in student numbers significantly benefit the College's cash position from August 2020.

Taking into account the financial position reported in these financial statements, the expected surplus and cashflow for 2019/20 and having due regard to best practice developments in the UK Corporate Governance Code 2016 in respect of going concern and risk management reporting the Corporation considers that the College has adequate resources to continue in operational existence and to meet its liabilities for the foreseeable future and at least for the next financial year. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Approved by order of the Members of the Corporation on 12 December 2019 and signed on its behalf by:



J Wilson
Chairman



P J Britton
Accounting Officer

Wyke Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

GOVERNING BODY'S STATEMENT ON THE COLLEGE'S REGULARITY, PROPRIETY AND COMPLIANCE WITH FUNDING BODY TERMS AND CONDITIONS

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 with contracts with the 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 the ESFA.



J Wilson
Chairman

12 December 2019



P J Britton
Accounting Officer

12 December 2019

Wyke 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 of the College are required to present audited financial statements for each financial year. Within the terms and conditions of the College's Conditions of Funding with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education* [2015 FE HE SORP] and with the *College Accounts Direction 2018 to 2019* issued by the ESFA, and which give a true and fair view of the state of affairs of the College and the result for that year.

In preparing the financial statements the Corporation is required to:

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

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

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from 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 sufficient 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 12 December 2019 and signed on its behalf by:



J Wilson
Chairman

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

Opinion

We have audited the financial statements of Wyke Sixth Form College (the "College") for the year ended 31 July 2019 which comprise the college statement of comprehensive income, the college balance sheet, the college statement of changes in reserves, the college statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2019 and of the College's deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

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 governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors have not disclosed in the financial statements 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 financial statements are authorised for issue.

Other information

The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2018 to 2019 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF WYKE SIXTH FORM COLLEGE (CONTINUED)

Responsibilities of the Corporation of Wyke Sixth Form College

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 18, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 24 July 2017. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP
Chartered Accountants
Two Humber Quays
Wellington Street West
HULL
HU1 2BN

13 December 2019

Wyke Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2019

	Notes	2019 £'000	2018 £'000
INCOME			
Funding body grants	3	8,309	8,486
Tuition fees and education contracts	4	83	90
Other income	5	514	497
Investment income		4	-
Total income		8,910	9,073
EXPENDITURE			
Staff costs	6	6,055	5,837
Other operating expenses	7	2,110	2,142
Depreciation	10	735	777
Interest and other finance costs	8	167	177
Total expenditure		9,067	8,933
(Deficit)/surplus before other gains and losses		(157)	140
Loss on disposal of tangible fixed assets		-	-
(Deficit)/surplus before tax		(157)	140
Taxation	9	-	-
(Deficit)/surplus for the year		(157)	140
Re-measurement of net defined benefit pension liability	16	(130)	713
Other Comprehensive income for the year		(130)	713
Total Comprehensive Income for the year		(287)	853
Total Comprehensive Income for the year attributable to Corporation of the College		(287)	853

Wyke Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

BALANCE SHEET AS AT 31 JULY 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	10	18,842	19,348
		<u>18,842</u>	<u>19,348</u>
Current assets			
Debtors	11	177	187
Cash at bank and in hand		786	797
		<u>963</u>	<u>984</u>
Current liabilities			
Creditors – amounts falling due within one year	12	(1,393)	(1,462)
Net current liabilities		<u>(430)</u>	<u>(478)</u>
Total assets less current liabilities		<u>18,412</u>	<u>18,870</u>
Creditors – amounts falling due after more than one year	13	(15,272)	(15,767)
Provisions for liabilities			
Defined benefit pension scheme	16	(605)	(281)
Total net assets		<u>2,535</u>	<u>2,822</u>
Unrestricted Reserves			
Income and expenditure reserve		1,110	1,397
Revaluation reserve		1,425	1,425
Total reserves attributable to the College Corporation and total unrestricted reserves		<u>2,535</u>	<u>2,822</u>

The financial statements on pages 21 to 43 were approved and authorised for issue by the Corporation on 12 December 2019 and were signed on its behalf on that date by:



J Wilson
Chair

P J Britton
Accounting Officer

Wyke Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 JULY 2019

	Income and expenditure reserve	Revaluation reserve	Total
	£'000	£'000	£'000
Balance at 1 August 2017	544	1,425	1,969
Surplus for the year	140	-	140
Other comprehensive income	713	-	713
Total comprehensive income for the year	<u>853</u>	<u>-</u>	<u>853</u>
Balance at 31 July 2018	<u>1,397</u>	<u>1,425</u>	<u>2,822</u>
Deficit for the year	(157)	-	(157)
Other comprehensive income	(130)	-	(130)
Total comprehensive income for the year	<u>(287)</u>	<u>-</u>	<u>(287)</u>
Balance at 31 July 2019	<u><u>1,110</u></u>	<u><u>1,425</u></u>	<u><u>2,535</u></u>

Wyke Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2019

	Notes	2019 £'000	2018 £'000
Operating activities			
Cash generated from operations	15	658	760
Net cash from operating activities		<u>658</u>	<u>760</u>
Investing activities			
Purchase of tangible fixed assets		(233)	(346)
Proceeds from disposal of fixed assets		4	-
		<u>(229)</u>	<u>(346)</u>
Financing activities			
Interest paid		(156)	(154)
Repayments of borrowings		(284)	(280)
		<u>(440)</u>	<u>(434)</u>
Decrease in cash and cash equivalents in the year		<u>(11)</u>	<u>(20)</u>
Cash and cash equivalents at beginning of the year		797	817
Cash and cash equivalents at end of the year		<u>786</u>	<u>797</u>

Wyke Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

General information

Wyke Sixth Form College is a corporation established under the Further and Higher Education Act 1992 as an English general college of further education. The address of the College's principal place of business is given on page 12. The nature of the College's operations is set out in the Report of the Governing Body.

Basis of accounting

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP), the College Accounts Direction for 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) under the historical cost convention. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

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

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

Going concern

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

The College has increased its student numbers in the 2019/20 year with 16-18 student numbers at the end of September 2019 around 2,150 which is an additional 140 students compared with numbers at the census which took place in October 2018. Assuming the numbers remain static up to census date 2019, funding for these additional students will not materialise until the 2020/21 academic year. Any additional students, over the 2,010 funded in 2019/20, are being funded by the College; however, the College is forecasting an operating surplus of around £116,000 in 2019/20 despite the significant increase in student numbers.

There are inherent uncertainties regarding the level of funding that will be generated based upon future funding methodologies however the financial plan for 2019/20 is based on 16-18 year-old student numbers remaining above 2,000 at census date, which the senior management team believes to be achievable. The College will continue to achieve a surplus position in 2019/20 through setting prudent budgets, continued tight budgetary control and monthly financial monitoring. Robust financial controls are in place which are overseen by the Corporation.

The College had a healthy balance at the bank of £786,000 at the year-end. The cash position is closely monitored and 12-month rolling cash flows used to project cash balances and to ensure the bank's financial covenants are met. Cash flow forecasts indicate that a bank overdraft facility is not necessary for at least twelve months from the date of signing the financial statements, i.e. to December 2020.

Both Barclays and Lloyds Bank have expressed that they are satisfied with the financial stability of the College as a result of increasing student numbers and the Senior Management and Corporation's scrutiny of the College's finances.

Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence for at least 12 months from the date of the signing of the Financial Statements, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Wyke Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. ACCOUNTING POLICIES (continued)

Recognition of income

Grants – government and non-government

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

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

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

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

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

Other income

Income from the supply of services is recognised at fair value of the consideration received or receivable and represents the value of services to the extent there is a right to consideration.

Income from tuition fees is recognised over the period for which it is received.

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

Retirement benefits

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

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of valuations using a projected unit method. The TPS is a multi-employer scheme but sufficient information is not available to use defined benefit accounting and therefore it is accounted for as a defined contribution scheme, with the amount charge to the statement of comprehensive income is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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

Wyke Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

NOTES TO THE FINANCIAL STATEMENTS (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. The cost of any unused holiday entitlement the College expects to pay in future periods is recognised in the period the employees' services are rendered.

Tangible fixed assets

Tangible fixed assets are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses.

Land and buildings

Land is stated at deemed cost revalued at the date of transition to FRS 102 and buildings are stated at cost less accumulated depreciation and accumulated impairment losses.

Equipment

Equipment costing less than £1,000 per individual item or set of items acquired together is recognised as expenditure in the period of acquisition. All other equipment is capitalised and recognised at cost less accumulated depreciation and accumulated impairment losses.

Depreciation and residual values

Freehold land is not depreciated as it is considered to have an infinite useful life. Depreciation on other assets is calculated, using the straight line basis, to write off the cost of each asset to its estimated residual value over its expected useful lives, as follows:

- Buildings – 2 or 4 per cent per annum
- Furniture, fixtures and fittings – 10 per cent per annum
- Computer equipment – 25 per cent per annum
- Motor vehicles – 10 per cent per annum

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Subsequent costs, including replacement parts, are only capitalised when it is probable that such costs will generate future economic benefits. Any replaced parts are then derecognised. All other costs of repairs and maintenance are expenses as incurred.

Impairments of fixed assets

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

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

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

Wyke Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. ACCOUNTING POLICIES (continued)

Borrowing costs

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

Leased assets

Operating leases

All leases are operating leases and annual rents are charged to comprehensive income on a straight line basis over the lease term.

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts.

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

Financial Instruments

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

Financial assets and liabilities

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

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

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

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

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

Wyke Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. ACCOUNTING POLICIES (continued)

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. Capital costs and non-pay expenditure is therefore shown inclusive of VAT with any partial recovery netted off against these figures.

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 the amount of the obligation can be reliably measured.

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 that reflects the risks specific to the liability. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

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

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

Agency arrangements

The College acts as an agent in distributing certain discretionary support funds from the funding body. Payments received from the funding body and subsequent disbursements to students are excluded from the income and expenditure of the College where the College does not have control of the economic benefit related to the transaction.

Wyke Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

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

Critical areas of judgement

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

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

Critical accounting estimates and assumptions

- East Riding Pension Fund

The present value of the East Riding Pension Fund defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 16, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing 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.

- Tangible fixed assets

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

- Impairment of fixed assets

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

Wyke Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Funding body grants

	2019 £'000	2018 £'000
Recurrent grants		
Education and Skills Funding Agency - adult	15	5
Education and Skills Funding Agency - 16-19	7,906	8,072
Specific grants		
Releases of government capital grants	388	409
Total	<u>8,309</u>	<u>8,486</u>

4 Tuition fees and education contracts

	2019 £'000	2018 £'000
Tuition fees	44	51
Education contracts	39	39
Total	<u>83</u>	<u>90</u>

5 Other income

	2019 £'000	2018 £'000
Catering income	388	408
Miscellaneous income	126	89
Total	<u>514</u>	<u>497</u>

Wyke Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Staff costs and key management personnel remuneration

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

	2019 Number	2018 Number
Teaching staff	83	85
Non-teaching staff	57	55
Total	140	140

Staff costs for the above persons

	£'000	£'000
Wages and salaries	4,599	4,202
Social security costs	416	419
Other pension costs	936	949
Payroll sub total	5,951	5,570
Contracted out staffing services	92	200
	6,043	5,770
Restructuring costs* – contractual	-	56
– non-contractual	12	11
Total staff costs	6,055	5,837

* the Accounting Officer has delegated authority from the Corporation to authorise severance payments up to the statutory maximum

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Management Team which comprises the Principal, Deputy Principal, two Assistant Principals, Director of Finance and HR Manager.

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

	2019 No.	2018 No.
The number of key management personnel including the Accounting Officer who served during the year was:	6	7

Wyke Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Staff costs and key management personnel remuneration (continued)

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

	Key management personnel		Other Staff	
	2019	2018	2019	2018
	No.	No.	No.	No.
£30,001 to £35,000 p.a.	-	2	-	-
£35,001 to £40,000 p.a.	1	-	-	-
£45,001 to £50,000 p.a.	1	1	-	-
£55,001 to £60,000 p.a.	2	1	-	-
£65,001 to £70,000 p.a.	1	2	-	-
£90,001 to £95,000 p.a.	1	-	-	-
£105,001 to £110,000 p.a.	-	1	-	-
	<u>6</u>	<u>7</u>	<u>-</u>	<u>-</u>

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

	2019	2018
	£'000	£'000
Salaries	372	418
National insurance	44	50
	<u>416</u>	<u>468</u>
Pension contributions	60	73
Total emoluments	<u>476</u>	<u>541</u>

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

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

	2019	2018
	£'000	£'000
Current Accounting Officer – appointed 20 August 2018		
Salary	91	-
National Insurance	11	-
	<u>102</u>	<u>-</u>
Pension contributions	15	-
Former Accounting Officer – resigned 31 August 2018		
Salary	9	109
National Insurance	1	14
	<u>10</u>	<u>123</u>
Pension contributions	2	18

Wyke Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Staff costs and key management personnel remuneration (continued)

The remuneration of the accounting officer for 2018-19 was determined on 13 December 2018 by the Corporation on the recommendation of its Remuneration Committee i.e. the Corporation agreed that the accounting officer should receive the same inflationary pay award for 2018/19 agreed nationally for teaching staff who were not designated senior post-holders, payable from the date agreed as part of the national negotiations. The accounting officer was not involved in setting their remuneration. The factors taken into account by the Remuneration Committee in making its recommendation to the Corporation in relation to the accounting officer's remuneration for the year to July 2019 were based on the criteria set out in the designated post-holder remuneration policy approved by the Corporation i.e. with reference to the following information: the Sixth Form Colleges' association (SFCA) salary survey; salary information relating to College middle managers; any annual pay award made or to be made to staff other than senior post-holders and affordability. Corporation does not operate a performance related pay scheme for senior post-holders.

A similar approach was used to determine the remuneration of other key management personnel who the Corporation had designated as senior post-holders i.e. the Vice Principal (from 13 December 2018 the Deputy Principal) who received the same inflationary pay award for 2018/19 agreed nationally for teaching staff who were not designated senior post-holders, payable from the date agreed as part of the national negotiations. In addition, the Deputy Principal and the Director of Finance each received re-positioning payments relating to changes to their job descriptions, payable from 1 January 2019.

The relationship between the accounting officer's emoluments, expressed as a multiple of all other employees based on full-time equivalents, is set out below for both basic salary and total remuneration.

	2019 No	2018 No
Basic salary as a multiple of median basic salary of staff	3.39	4.15
Total remuneration as a multiple of median total remuneration of staff	3.28	4.19

The above multiples are based on the salaries of employees with contract hours and therefore excludes casual employees.

Governors' remuneration

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

The total expenses paid to or on behalf of the Corporation during the year were £29 (2018: £172). This represented travel and subsistence expenses and other out of pocket expenses incurred in attending external training events and meetings in their official capacity in the previous year. No Corporation member has received any remuneration or waived payments from the College during the year (2018: None).

Wyke Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

7 Other operating expenses

	2019 £'000	2018 £'000
Teaching costs	204	195
Non-teaching costs	1,346	1,378
Premises costs	560	569
Total	2,110	2,142
	2019 £'000	2018 £'000
(Deficit)/surplus before taxation is stated after charging:		
Auditors' remuneration:		
Financial statements audit	13	12
Internal audit	7	7
Other services provided by the financial statements auditor	1	1
Loss on disposal of tangible fixed assets	-	1
Operating lease rentals	33	19

8 Interest and other finance costs

	2019 £'000	2018 £'000
Bank loans, overdrafts and other loans	156	154
Net interest on defined pension liability (note 16)	11	23
Total	167	177

9 Taxation

The Governors do not believe the College was liable for any corporation tax arising out of its activities during either year.

Wyke Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 Tangible fixed assets

	Freehold land and buildings £'000	Equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation				
At 1 August 2018	22,730	2,468	-	25,198
Additions	-	195	38	233
Disposals	-	(137)	(12)	(149)
Transfers	-	(158)	158	-
At 31 July 2019	<u>22,730</u>	<u>2,368</u>	<u>184</u>	<u>25,282</u>
Depreciation				
At 1 August 2018	4,215	1,635	-	5,850
Charged for the year	467	251	17	735
Appropriated on disposals	-	(137)	(8)	(145)
Transfers	-	(76)	76	-
At 31 July 2019	<u>4,682</u>	<u>1,673</u>	<u>85</u>	<u>6,440</u>
Carrying amount at 31 July 2019	<u>18,048</u>	<u>695</u>	<u>99</u>	<u>18,842</u>
Carrying amount at 31 July 2018	<u>18,515</u>	<u>833</u>	<u>-</u>	<u>19,348</u>

Land and buildings includes land valued at £1,425,000 (2018 £1,425,000) on 1 August 2014 (the transition date to FRS 102) which is not depreciated. This was included at deemed cost. This valuation was performed by DVS Property Services, an independent valuer on a fair value basis.

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

	2019 £'000	2018 £'000
Cost	Nil	Nil
Aggregate depreciation based on cost	<u>Nil</u>	<u>Nil</u>
Carrying amount based on cost	<u>Nil</u>	<u>Nil</u>

11 Debtors

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Trade debtors	16	30
Prepayments and accrued income	<u>161</u>	<u>157</u>
Total	<u>177</u>	<u>187</u>

Wyke Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Creditors: Amounts falling due within one year

	2019 £'000	2018 £'000
Bank loans	286	283
Trade creditors	110	238
Other creditors	158	132
Other taxation and social security	120	123
Accruals and deferred income	198	234
Government capital grants	403	387
Government revenue grants	118	51
Amounts owed to the ESFA	-	14
Total	1,393	1,462

13 Creditors: amounts falling due after one year

	2019 £'000	2018 £'000
Bank loans	3,174	3,461
Government capital grants	12,098	12,306
	15,272	15,767

	2019 £'000	2018 £'000
Bank loans are repayable as follows:		
In one year or less	286	283
Between one and two years	289	286
Between two and five years	888	878
In five years or more	1,997	2,297
Total	3,460	3,744

The College took out a loan of £2,500,000 for the Redevelopment Project, which was completed in 2010/11, on a revolving credit facility during 2007/08. As at 31 July 2019 £2,500,000 (2018 £2,500,000) had been drawn down. The loan is to be repaid over a 22-year period which commenced on completion of the project. In August 2013 the prevailing rates of interest were increased to 7.37% and 5.46% fixed and for the variable rate loan a margin of 2.9%. The prevailing variable interest rate at 31 July 2019 was 3.65% (being the base rate of 0.75% and the margin rate 2.9%).

A further loan of £2.1m was taken out in August 2013 to finance phase three of the College redevelopment plus an additional £250k to support the working capital requirements of the College. This comprised seven separate draw-downs on a revolving credit facility, which termed out in October 2015 and became a term loan facility of 13 years. The prevailing variable interest rate at 31 July 2019 for the Barclays' loan was 2.65% (being the base rate of 0.75% and the margin rate 1.9%).

Wyke Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 Financial instruments

The College has the following financial instruments:

	2019 £'000	2018 £'000
Financial assets		
Financial assets measured at fair value through profit or loss		-
Debt instruments measured at amortised cost:		
Trade debtors	16	30
Accrued income	11	12
Total	<u>27</u>	<u>42</u>
	2019 £'000	2018 £'000
Financial liabilities		
Financial liabilities measured at fair value through profit or loss		
Financial liabilities measured at amortised cost:		
Trade creditors	110	238
Bank loans	3,460	3,744
Accruals	198	234
Total	<u>3,768</u>	<u>4,216</u>

15 Notes to cash flow statement

	2019 £'000	2018 £'000
(Deficit)/surplus after tax for the year	(157)	140
Adjustment for:		
Depreciation	735	777
Loss on sale of fixed assets	-	1
Interest payable	167	177
Pensions costs less contributions payable	183	203
Operating cash flow	<u>928</u>	<u>1,298</u>
Decrease/(increase) in debtors	10	(44)
Decrease in creditors	(280)	(494)
Cash generated from operations	<u>658</u>	<u>760</u>

Wyke Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Retirement benefits

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 East Riding Pension Fund (ERPF) for non-teaching staff, which is managed by East Riding of Yorkshire Council. Both are multi-employer defined-benefit plans.

	2019 £'000	2018 £'000
Teachers' Pension Scheme: contributions paid	477	486
East Riding Pension Fund :		
Contributions paid	276	260
FRS 102 (28) charge	183	203
Charge to the Statement of Comprehensive Income	459	463
Total Pension Cost for Year within staff costs	936	949

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 2019.

Contributions amounting to £91,007 (2018 £91,275) were payable to the schemes at 31 July and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. 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. The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution plan.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

The latest actuarial valuation was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuation and Employer Cost Cap) Directions 2014 except it has been prepared following the Government's decision to pause the operation of the cost control mechanisms at the time when legal challenges were still pending.

Valuation of the Teachers' Pension Scheme

The valuation report was published in April 2019. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £196 billion
- Notional past service deficit of £22 billion
- Discount rate is 2.4% in excess of CPI.

Wyke Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Retirement benefits (continued)

As a result of the valuation, new employer contributions rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

The pension costs paid to TPS in the year amounted to £476,897 (2018: £486,664).

East Riding Pension Fund

The East Riding Pension Fund is a funded defined-benefit plan, with the assets held in separate funds administered by East Riding of Yorkshire Council. The total contributions made for the year ended 31 July 2019 were £349,462, of which employer's contributions totalled £276,557 and employees' contributions totalled £72,905. The agreed contribution rates for future years are 22.2% for employers and range from 5.5% to 12.5% for employees, depending on salary.

The current valuation does not reflect the potential increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

Principal Actuarial Assumptions

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.

	At 31 July 2019	At 31 July 2018
Rate of increase in salaries *	2.2%	2.3%
Future pensions increases	2.2%	2.4%
Discount rate	2.2%	2.8%
Inflation assumption (CPI)	2.2%	2.4%
Commutation of pensions to lump sums	60% -80%	60% -80%

* The College requested a bespoke salary assumption for 2019 of 2% p.a. until 31 March 2020, reverting to the long term assumption of CPI (2.2%) thereafter, and for 2020 2% p.a. until 31 March 2021, reverting to the long term assumption of CPI (2.2%) thereafter.

The average life expectancy for a pensioner retiring at 65 on the reporting date is:

	At 31 July 2019 Years	At 31 July 2018 Years
<i>Retiring today</i>		
Males	20.8	21.7
Females	23.3	24.2
<i>Retiring in 20 years</i>		
Males	22.0	23.7
Females	24.9	26.4

Wyke Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Retirement benefits (continued)

The College's share of 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	5,309	4,856
Debt instruments	1,032	876
Property	812	809
Cash	221	202
Total fair value of plan assets	7,374	6,743
Actual return on plan assets	384	588

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

	Fair value at 31 July 2019 £'000	Fair value at 31 July 2018 £'000
Fair value of plan assets	7,374	6,743
Present value of plan liabilities	7,979	7,024
Net pensions liability	605	281

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

	2019 £'000	2018 £'000
Current service cost	(459)	(463)
Net interest on the net defined benefit pension liability	(11)	(23)
Total	(470)	(486)

Wyke Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Retirement benefits (continued)

	2019 £'000	2018 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	7,024	6,673
Current service cost	459	463
Interest cost	203	186
Contributions by scheme participants	72	68
Change in demographic assumption and actuarial losses/(gains)	322	(288)
Benefits paid	(101)	(78)
Defined benefit obligations at end of period	<u>7,979</u>	<u>7,024</u>
	2019 £'000	2018 £'000
Changes in fair value of plan assets		
Fair value of plan assets at start of period	6,743	5,905
Interest income	192	163
Return on plan assets (excluding net interest on the net defined benefit liability)	192	425
Employer contributions	276	260
Contributions by scheme participants	72	68
Benefits paid	(101)	(78)
Fair value of plan assets at end of period	<u>7,374</u>	<u>6,743</u>

Wyke Sixth Form College

FINANCIAL STATEMENTS

for the year ended 31 July 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 Amounts disbursed as agent learner support funds

	2019 £'000	2018 £'000
Funding body grants	322	266
Disbursed to students	(204)	(215)
Balance unspent as at 31 July, included in creditors	<u>118</u>	<u>51</u>

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

18 Capital commitments

	2019 £'000	2018 £'000
Commitments contracted for at 31 July	<u>-</u>	<u>62</u>

19 Related party transactions

Key management compensation disclosure is given in note 6.

20 Financial commitments

Commitments under operating leases:

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2019 £'000	2018 £'000
Payments due:		
Not later than one year	33	33
Later than one year and not later than five years	<u>89</u>	<u>89</u>
Total lease payments due	<u>122</u>	<u>122</u>

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

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 24 July 2017 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA"), to obtain limited assurance about whether the expenditure disbursed and income received by Wyke Sixth Form College during the period 1 August 2018 to 31 July 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 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.

Basis for conclusion

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the "ACoP") 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 (ILR) returns, for which the ESFA has other assurance arrangements in place.

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

Responsibilities of Corporation of Wyke Sixth Form College for regularity

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

Reporting accountant's responsibilities for reporting on regularity

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the ACoP.

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

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 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.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF WYKE SIXTH FORM COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

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

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

Use of our report

This report is made solely to the Corporation of Wyke Sixth Form College and the Secretary of State for Education acting through 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 Wyke Sixth Form College and the Secretary of State for Education acting through the 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 Wyke Sixth Form College and the Secretary of State for Education acting through the ESFA for our work, for this report, or for the conclusion we have formed.

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13 December 2019