JOSEPH CHAMBERLAIN SIXTH FORM COLLEGE

Financial Statements for the Year Ended 31 July 2017

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Financial Statements for the Year ended 31 July 2017
Members Report

NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited Financial Statements for the year ended 31 July 2017.

Legal status

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

Mission

The College reviewed the mission of the College during 2016/17 and in January 2017 adopted a revised purpose statement as follows:

"To provide an exceptional learning experience for all of our students, raising their aspirations and improving their achievements so that they can enjoy a level of success in later life that realises their highest ambitions".

Public Benefit

The College is an exempt charity under Part 3 of the Charities Act 2011 and following the Machinery of Government changes in 2016 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 page 15.

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
- Tackling social exclusion
- Providing excellent careers advice for students
- Excellent pastoral support for students
- Work related placements and links with employers
- Links with Local Enterprise Partnerships (LEP's)

Implementation of strategic plan

The College chooses to update the strategic plan on a rolling basis and the latest update covering the period 2016 to 2019 was issued in January 2017.

The College's current strategic ambitions are:

1. **The Academic Achievements and success of Our Students-to be highly ambitious for all of our students and prioritise their success so that they achieve the highest standards academically, making significant progress throughout their time with us:**

1a To exceed the national averages for achievement rates across all ages, levels and provision types
1b To ensure that all of our students make outstanding levels of progress, based on their starting points on entry to the College
1c To ensure that levels of student attendance, punctuality, behaviour, progression and satisfaction are excellent for all students and indicative of a first-class institution

NATURE, OBJECTIVES AND STRATEGIES (continued)

Implementation of strategic plan (continued)

2. **The Learning Experience of Our Students-to ensure that our students benefit from an exceptional learning experience that excites, inspires and broadens their minds both in the classroom and beyond:**

   2a To recruit and develop highly talented teachers that have high aspirations for all of our students, are dedicated to their success and are committed to continuous improvement through professional development
   2b To ensure that all of our students benefit from a wide range of stimulating extra-curricular opportunities and projects that develop their personal, social and work-related skills effectively
   2c To ensure that our students benefit from outstanding resources, technologies, facilities and accommodation that promote excellence in learning

3. **The Support & Development of Our Students-to ensure that all of our students are supported to develop into confident and responsible citizens who believe in their own ability to do well in later life and who are respectful of the diverse societies in which we live:**

   3a To ensure that the self-belief and aspirations of all of our students are raised through high quality academic and pastoral guidance throughout their time with us
   3b To ensure that all of our students are supported expertly to be ambitious in determining their next steps towards their chosen university courses and future careers
   3c To ensure that our students grow and develop during their time with us, so that they hold the values that prepare them well for life in modern Britain and flourish in a diverse, interconnected world

4. **The Reputation and Recognition of the College-to position the College as a nationally recognized Sixth Form College that attracts an increasing number of students each year, is a highly desirable place to work and captures the interests of a wide range of partners with whom we will collaborate:**

   4a To ensure that our marketing activity and our excellent reputation results in year-on-year increases in the school leavers we recruit up to the full capacity of approximately 2,250
   4b To ensure that we recruit and retain the very best staff at all levels to work at the College because of high levels job satisfaction and the career-enhancing opportunities and professional development on offer
   4c To ensure that we collaborate with and establish partnerships with other educational establishments, businesses and organisations that can make a positive contribution to the opportunities on offer to our students and can benefit the College in terms of its success, its finances and its reputation

5. **The College and its Resources-to manage our resources and finances expertly so that we can continue grow and develop as a College, always seeking opportunities for improvement amidst the challenges facing the sector now and in the future:**

   5a To retain a broad and comprehensive curriculum offer at a range of levels for school leavers and to be innovative in the development of our provision for 19+ learners so that all students can reach their potential in later life
   5b To maintain excellent financial health through efficient financial management, well-considered diversification of income streams and carefully planned investment opportunities
   5c To ensure that all support areas of the College provide an exemplary service and are driven by a firm understanding of their role in supporting an ambitious student-focussed culture

The College is on target to achieve all of the strategic objectives by 31 December 2019.

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Members Report (continued)

NATURE, OBJECTIVES AND STRATEGIES (continued)

Financial objectives

The College's financial objectives are:

- to achieve a minimum 3% EBITDA of income operating surplus in 2017/18 and 2018/19 in order to protect cash balances and support the College's preferred Area Review recommendations
- to pursue income diversification, on a selective basis, consistent with the College's core competencies, and the need for a financial contribution to the College's overall finances
- to provide sufficient financial resources to maintain and improve OfSTED good grade achieved in September 2014 by achieving a positive operating cash-flow
- to ensure that the College controlled Sports Centre achieves a minimum break-even outturn in 2017/18 and thereafter
- to fund continued capital investment preferably through grant support initiatives
- to ensure that sufficient teaching support resources are available to assist the teaching staff in delivering successful student outcomes whilst ensuring that staff costs do not exceed 70% of income excluding Franchise income

A series of performance indicators have been agreed to monitor the successful implementation of the policies and to maintain the College's financial health grade as outstanding.

Under the ESFA approach to assessing the financial health of Colleges, the College is currently graded as outstanding.

Performance Indicators for 2016-17

	Target	Achievement
EFA 16-18 student number target	1,925	2,041
Cash days in hand	288	284
Adjusted Current Ratio	4.37	4.20
Pay as % of income	68.6	65.7

The cash days in hand and current ratio targets were not achieved as the College undertook in the final quarter of 2016/17 a significant capital expenditure programme to upgrade the College's IT facilities for students.

The College is committed to observing the importance of the measures and indicators and is monitoring the financial indicators through the completion of the annual Finance Record for the Education and Skills Funding Agency ("ESFA"). The current official rating of Outstanding is considered an acceptable outcome.

FINANCIAL POSITION

Financial results

The College and its subsidiary companies generated an operating surplus in the year of £664,000 (2015/16: £598,000). The surplus includes FRS 102 pension costs of £132,000 (2015/16: £128,000) arising from the incorporation of the FRS 102 pension liability. The remaining costs relating to the implementation of FRS 102 are recognised in Other Comprehensive Income.

The College and its subsidiary companies have income and expenditure reserves of £19,465,000 before providing for the pension liability and £16,584,000 after the provision (2015/16: £18,682,000 and £14,983,000 respectively).

Financial Statements for the Year ended 31 July 2017
Members Report (continued)

FINANCIAL POSITION (continued)

Financial results (continued)

The College wishes to maintain cash balances in order to create a contingency fund against future funding changes, likely increase in employer pension payments and the need to undertake replacement of some furnishings and plant/equipment in 2019/20.

Tangible fixed asset additions for the Group during the year amounted to £492,000.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2016/17, the funding bodies provided 91.77% (2015/16: 92.17%) of the College's total group income.

The College has two subsidiary companies, Joseph Chamberlain (Trading) Limited, and The College for International Citizenship CIC.

The principal activity of Joseph Chamberlain (Trading) Limited was the design and building of a new College for Joseph Chamberlain Sixth Form College and the provision of facilities maintenance within that building. During the year to 31st July 2011, this activity came to its natural conclusion and consequently the Company did not trade in the intervening years. The transfer of management and control of the on-site Sports Centre from Birmingham City Council to the College was completed in August 2014. The community use of the Sports Centre is now managed through this subsidiary company.

On 16th May 2011, Joseph Chamberlain (Trading) Limited acquired the whole of the issued share capital of The College for International Citizenship, a public interest company formed to acquire the assets of an organisation that was originally set up in 2004. The principle aim of the company is to carry on activities which benefit the community and in particular, without limitation, to provide educational courses in international citizenship to students aged 16-18 or over from the local, national and international community.

In the year ended 31 July 2017, Joseph Chamberlain (Trading) Limited generated an operating deficit of £2,450 (2015/16: deficit £10,803).

In the year ended 31 July 2017, the College for International Citizenship CIC generated a small surplus of £96 (2015/16: £20 surplus).

Treasury policies and objectives

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

The College has a separate treasury management policy in place.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. Such arrangements are restricted by limits in the Financial Memorandum previously agreed with the LSC and subsequently transferred to the Education and Skills Funding Agency (ESFA). All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

Cash flows

The Consolidated Cash Flow Statement on page 27 shows an overall out-flow of £82,000 (2015/16: £28,000 out-flow). However the out-flow excludes the movement in long-term deposit accounts. Overall bank and investment balances increased by £769,000 (2015/16: £974,000).

Financial Statements for the Year ended 31 July 2017
Members' Report (continued)

FINANCIAL POSITION (continued)

Liquidity

During the year, the College repaid a total of £250,000 (2015/16: £250,000) of bank borrowings, which were originally taken out to help finance the construction of the new campus and sports hall. This repayment was funded from general cash flows with the final repayment due in 2019.

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

Reserves Policy

The College has no formal Reserves Policy but 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. As at the Balance Sheet date the Income & Expenditure Reserve stands at £16,584,000 (2015/16: £14,983,000). It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2016/17 the College delivered ESFA activity with an outturn figure of £11,684,992. The funding outturn was £528,040 above the EFA 16-18 allocation and £55,656 above the SFA 19+ allocation. The 16-18 actual learner numbers were 117 higher than the allocation and this increase contributed to the significant over delivery position.

The College enrolments, including sub-contract recruited students, for 2016/17 can be summarised as follows:

	Learners
16-18	2,042
19+	1,018
Total	3,060

Student achievements

The A level achievement rate in 2016/17 was high again at 98% (2015/16-98%), with a high grade performance of 51% (2015/16-45%). BTEC National results showed a pass rate of 99% (2015/16-98%), whilst BTEC Level 2 performed at a very high level again.

	2016		**2017**	
	Achievement Rate	Benchmark	Achievement Rate	Benchmark
AS	85	83	84	83
A	98	95	98	96
BTEC National	93	89	94	90
GCSE	88	85	89	88
BTEC First	91	84	92	87

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Members Report (continued)

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE (continued)

Curriculum developments

The College continues to have a high reputation for serving students from a wide range of backgrounds, ages and abilities. It is continually reviewing its course offer to ensure that it matches the needs of its students. In particular, it developed for 2017/18 enrolment, AS equivalent courses in finance and mathematical studies. The Senior Leadership Team approved the withdrawal from a Level 1 programme offer from September 2017.

The College has prepared a HE Strategy and if approved by the regulatory bodies it is anticipated that recruitment will commence in September 2018 onto a HNC in Early Years and Performing Arts.

The adult programme is also continually refined to meet funding guidance and more importantly the needs of the local communities. We are looking into developing more full cost programmes and working collaboratively with other adult providers in the City. Our excellent partnership arrangement with the Birmingham Education Ethnic Advisory Service continues to serve local people in other areas of the City.

The College also undertakes collaborative work with schools where appropriate. Opportunities are given to students from feeder schools to undertake work placements on the College site. The college also hosts the Work Related Learning Team which provides work placement opportunities to the main site students. Partnerships with a number of employers have been developed this year.

The College continues to host the UK Sixth Form Model United Nations conference in March, attracting nearly 400 national competitors from around the UK. This is an excellent opportunity to promote the College nationally.

The College again supported students referred by the City Council Pupil Placement Unit but this will not continue in 2017/18.

Strong links and partnerships with the Universities of Cambridge, Warwick, Coventry, Aston and Birmingham City continue to benefit students when applying to these institutions. The College is also a "valued partner" of the University of Birmingham's A2B scheme. A large number of College students attend summer schools and visits to universities such as Birmingham, Cambridge and Oxford. Students also participate in maths challenges and master classes at both Aston and Birmingham University. Students are also offered scholarships to attend the full summer programme offered on site by the College for International Citizenship.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2016 to 31 July 2017, the College paid 44.16% of supplier invoices representing 49.99% in value (2015/16-51.64% and 53.06%) of all its invoices within 30 days. This figure includes invoices where the College has negotiated extended payment terms. The College processes a fortnightly supplier BACS run to ensure prompt payment of approved supplier invoices.
The delayed payment of high cost franchise and exam invoices are contributory factors in the above statistics.

The College incurred no interest charges in respect of late payment for this period.

Post balance sheet events

The only significant post balance sheet event is the enrolment of approximately 100 additional 16-18 students in September 2017 requiring the College to increase the levels of teaching and pastoral support.

Financial Statements for the Year ended 31 July 2017
Members Report (continued)

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE (continued)

Future developments

The College is under demand led funding and hence the recurrent grant from the main funding bodies for 2017/18 has been confirmed at £11,763,221, a significant increase from the 2016/17 initial figure of £11,161,296. This increase is due to higher 16-18 enrolments in 2016/17.

There are no major accommodation projects under way although we are closely monitoring the potential for securing additional rented accommodation for adult and HE delivery including the provision of on-site nursery provision. The current campus for 16-18 students is closing in on full capacity.

RESOURCES

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

Tangible resources at £30.9 million include the main campus, sports centre and the Orchard House teaching block.

Financial

The College and its subsidiary companies have £16.58 million of net assets (including £2.88 million defined benefit pension liability). At 31 July 2017, the College had short term debt of £250,000, long term debt of £375,000 and cash and short term deposits and investments of £9.42 million.

People

The College employs 193 people (expressed as full time equivalents), of whom 112 are front line teaching staff.

Reputation

The College has an excellent reputation locally and nationally. Maintaining a quality brand is essential for the College's on-going success at attracting students and developing future external relationships.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Based on the strategic plan, the Senior Leadership 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 Leadership Team will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

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

Financial Statements for the Year ended 31 July 2017
Members Report (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

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

Government funding

The College has considerable reliance on continued government funding through the education sector funding bodies. In 2016/17, 91.77% of the College's revenue was ultimately public funded and this level 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.

The College is aware of several issues, which may impact on future funding:

- The ESFA have indicated a continuation of the national funding rate of £4,000 into 2017/18. Any reduction in this rate in 2018/19 would result in the College operating surplus being significantly reduced.
- The competition from local schools introducing sixth forms and the Department of Education plans for Institutes of Technology, T level study programmes and an increase in grammar school places.
- Changes in funding for GCSE English and Maths.
- The commitment of the Government to continue with their public expenditure reduction programmes in particular the devolution of some adult funding to the Local Enterprise Partnerships.
- The impact on the treasury finances from the BREXIT referendum.

These risks are mitigated in a number of ways:

- Seeking funding derived through a number of direct and indirect contractual arrangements.
- Build on the successes achieved through the OfSTED good rating in September 2014.
- Use all forms of marketing including social media to highlight our success rates.
- Showcase the College in different ways during Open Days.
- Review of AS/A2 curriculum changes and the number of subjects that students are advised to enrol for.
- By ensuring the College is rigorous in delivering high quality education.
- Maintaining focus and investment in managing key relationships with the various funding bodies.
- Diversifying into HE programmes through a direct contract with HEFCE.
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding. The College marketing initiatives must focus on those areas.

Local competition

Birmingham continues to be an area of intense competition with its "mixed economy" of grammar schools, sixth form colleges, FE colleges and schools with sixth forms. The on-going development of small sixth forms in academies and schools continues to pose a competitive threat as will the roll-out of Institutes of Technology, T level programmes and additional grammar school places.

These risks are mitigated in a number of ways:

The College applications numbers continue to be high, which indicates that we remain in a strong competitive position. The increase in the school leaving age has created considerable capacity problems in the school sector and should leave the College in a strong position, particularly as it is able to offer a wider range of both academic and vocational courses than small sixth forms and is now benefiting from the additional teaching rooms in Orchard House.

A decline in success rates, especially in high volume courses, would constitute a risk to reputation, which could result in falling numbers. The College takes intervention steps to ensure that high success rates are maintained.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Tuition fee policy

The College does not maintain a cross College tuition fee policy as fee income is minimal as the adult student population attending this College traditionally have their fees remitted in line with ESFA adult funding policy.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students.
- Close monitoring of the demand for courses as prices change.

Maintain adequate funding of pension liabilities

The financial statements report the share of the pension scheme deficit on the College's Balance Sheet in line with the requirements of FRS102. The outcome of the triennial LGPS actuarial review resulted in a substantial increase in the employer contribution rate whilst the overall deficit is still close to £3 million.

The risk is mitigated as the College considers that it will be able to absorb such increases without adversely affecting the key liquidity ratios.

Substantial pay increases

Government policy is changing following the planned withdrawal in certain public sectors, including education, of the 1% national pay cap. Whilst the College 2017/18 budget includes provision of a 1% scale-point increase for both teaching and support staff any increase in this % would have a material impact on future operating surpluses.

The risk is partly mitigated by continuing to efficiently manage the curriculum through a combination of teaching and pastoral support.

Capacity issues

The College rooming capacity for 16-18 funded students is c2,400 and final September 2017 enrolments are likely to finish around the 2,150 mark. This would continue the trend of an extra c100 16-18 students in the last three enrolments.

The College is currently looking for additional premises in close proximity to the main campus.

STAKEHOLDER RELATIONSHIPS

As a city centre sixth form college, Joseph Chamberlain Sixth Form College has many stakeholders. These include:

- Students and their parents
- Education Sector Funding Bodies
- Staff
- Local employers
- Local Enterprise Partnership
- Birmingham City Council
- Government Office for the West Midlands
- The local community & partner organisations
- Feeder schools
- Other FE Institutions and local sixth form colleges
- Higher education institutions
- Trade Unions and professional bodies.

STAKEHOLDER RELATIONSHIPS (continued)

The College recognises the importance of these relationships and engages in regular communication through a variety of methods and media.

Parents are communicated with in writing and invited to the College throughout the year to discuss progress.

Students, parents, staff, local feeder schools, local business and the Local Authority are all represented on the College Governing Body.

Members of the College staff have a programme of visits to feeder schools.

The College is an active member of both the Association of Colleges (AoC) and the Sixth Form Colleges Association (SFCA).

The College communicates with prospective students through its refurbished website.

The use of social media technologies is continually being expanded when communicating with current and potential students.

Equal opportunities and employment of disabled persons

Joseph Chamberlain Sixth Form College is proud of its commitment to equalising opportunity for all who learn and work at the College. The College respects and values differences in race, gender, sexual orientation, physical ability, class and age. The College has in place policies to address these issues and has a coordinating Equality and Diversity Committee which has oversight of the implementation, monitoring and development of policy and reports to the Corporation. An annual report is prepared each year for consideration by the Corporation.
The College continues to support and fund an Equality and Diversity Co-ordinator.

The College's Equal Opportunities Policy, including its Equalities Policies, is published on the College's intranet site.

The College considers all applications from disabled persons and offers an interview to all disabled people who meet the job and person specification for any post. Where existing employees become disabled, every effort is made to ensure that their employment at the College continues. An equalities action plan setting clear targets is published each year and the identified actions are monitored by the governing body. This complies with Equality legislation.

Disability statement

The College is committed to a policy of responding to the general needs of the community and the specific need of the individual. Disability or additional educational needs shall be defined as learning requirements that need support or provision additional to or different from that which is normally available. The College has published a policy statement in relation to students with learning difficulties or disability. The main provisions of this statement include:

- to ensure increased access to the College from all sections of the community, regular liaison with schools, community groups, careers and guidance services and agencies working with those with specific learning difficulties and / or disabilities (SLDD) will be promoted and supported.

- the College application procedure will offer applicants the opportunity to provide information and discuss any special learning difficulty or disability that affects them. However, the College recognises that not all students may be willing or able to do this and that it is the responsibility of the College to ensure that alternative procedures are in place to identify and assess potential learning difficulties and that other opportunities exist to enable students to disclose any SLDD.

- in the event of a place not being offered to a student with a learning difficulty or disability, a record will be kept of the reasons given. Where possible, alternative options and guidance will be given in liaison with Prospects and Social Services, etc.

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Members' Report (continued)

Disability statement (continued)

- when a student who wishes to enrol at this College cannot be admitted because the College cannot meet her or his learning needs, this information will be put before the Corporation.
- advice will be available to students with disabilities or additional learning needs before, during and at the end of their course so that students can examine their individual needs within their progression route.

Approach to students with disabilities

As an important part of the College relocation project, a full access audit was undertaken and the facilities provided fully comply with all access legislation. Other appropriate measures are taken such as the use of specialist furniture and software.

The College has a Specific Learning Difficulty and Disability Coordinator, who provides information, advice and guidance and support to students who apply or are at the College. She interviews all prospective students with declared difficulties or disabilities and prepares a support plan for them should they enrol at the College. Use is made of specialist sign language and care staff.

In recent years, the College has significantly expanded the number of support assistants it employs to ensure its duties are met. It now employs 15 support assistants. The Disability Equality Scheme and associated action plan are published on the web site.

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 establish that the College's auditors are aware of that information.

Approved by order of the members of the Corporation of Joseph Chamberlain Sixth Form College on 12 December 2017 and signed on its behalf by:

S Anderson

Councillor S Anderson
Chair of Corporation

Financial Statements for the Year ended 31 July 2017
Members Report (continued)

Key management personnel, Corporation and Professional advisers

Financial statement and reporting accountants:	RSM UK Audit LLP St Philips Point Temple Row Birmingham B2 5AF
Internal auditors:	HW Controls and assurance 30 Camp Road Farnborough GU14 6EW
Bankers:	Allied Irish Bank (GB) 61 Temple Row Birmingham B2 5LT
Solicitors:	Eversheds 115 Colmore Row Birmingham B3 3AL
	Shoosmiths LLP 2 Colmore Square 38 Colmore Circus Birmingham B4 6BJ

Key management personnel

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

Mrs Elly Tobin
Mr Tony Day
Mr David Blower
Mr Damian Brant
Mr Norman MacDonald
Mrs Yasmin Juwle

Board of Governors

A full list of Members of the Corporation is given on page 15 of these Financial Statements. Mrs A Barker acted as Clerk to the Corporation throughout the period.

Financial Statements for the Year ended 31 July 2017
Statement of Corporate Governance and Internal Control

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

The College endeavours to conduct its business:

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

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College/Board has adopted and complied with the Code. We have not adopted and therefore do not apply the UK Corporate Governance Code. However we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2017. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also 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.

Financial Statements for the Year ended 31 July 2017
Statement of Corporate Governance and Internal Control (continued)

The Corporation

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

Name	*Date of Appointment*	*Term of Office*	*Date of Termination*	*Status of Appointment*	*Committees served*	*Full Board Attendance (maximum 4)*
Elly Tobin	01/01/2009	Until replaced		Principal	F&GP, Search and Curriculum & Learning	*4*
Thelma Probert-Deputy Chair	19/10/2008	4 years -extended to 17/10/2020		Co-opted	F&GP, Curriculum & Learning and Remuneration	*3*
Lesley Servian	16/12/2015	4 years		Business related	*F & GP*	*3*
Councillor Sue Anderson-Chair	19/10/2008	4 years -extended to 17/10/2020		Co-opted - Local Authority	Chair: Corporation, F&GP, Remuneration and Search. Member. Curriculum & Learning	*4*
Andrew McHale	18/10/2012	4 years extended to 16/10/2020		Co-opted	Chair: Audit	*3*
Graeme Birch	19/10/2010	4 years extended to 18/10/2018		Business related	Audit	*0*
Winsome Sherriffe	18/05/2010	4 years extended to 17/05/2018		Staff member		*3*
Rachel Burn	01/09/2016	4 years to 1/09/2020	04/07/2017		*Curriculum & Learning*	*3*
Wendy Sharples	18/05/2010	4 years extended to 17/05/2018		Co-opted – Schools Link	Chair: Curriculum & Learning	*3*
Steven Davies	12/11/2013	4 years to 11/11/2021		Staff member		*4*
David Jones	19/07/2011	4 years extended to 18/07/2019		Business related	Audit	*3*
Redwan Begh	19/07/2011	4 years to 17/07/2019		Business related	Remuneration	*2*
Rubina Chaudary	06/12/2011	2 years extended to 11/11/2021		Co-opted Audit skills	Audit and Curriculum & Learning	*3*
Sukdeep Bell	07/10/2014	4 years to 08/10/2018	12/12/2017	Business related	Curriculum & Learning	*4*
Faheem Ahmad	04/10/2016		31/07/2017	Student member		*1*
Lina Dohia	04/10/2016		31/07/2017	Student member		*2*
Bushra Chugtai	10/10/2017			Student member		
Syed Talha	10/10/2017			Student member		
Habib Rahman	21/12/2012	2 years extended to 20/12/2018		Co-opted Search	Search	*0*
"F&GP" – Finance and General Purposes						

Financial Statements for the Year ended 31 July 2017
Statement of Corporate Governance and Internal Control (continued)

Whilst parent governors are nominated to the Corporation for a period of four years, if their child/children leave the College before the end of the four-year period, their term of office ends at the next full Corporation meeting following the election of their successor.

The staff elects staff governors for a period of four years, but their term of office ends if they leave the employment of the College before the end of the four-year period.

The following person has been co-opted to a subcommittee of the Corporation to provide additional expertise:

Mr. H. Rahman - Former member of Corporation with local knowledge - Search Committee

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

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

The Corporation meets at least once each term.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are finance and general purposes, curriculum and learning, remuneration, search and audit. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website (jcc.ac.uk) or from the Clerk to the Corporation at:

Joseph Chamberlain Sixth Form College
1 Belgrave Road
Highgate
Birmingham B12 9FF

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

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

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

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

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

Financial Statements for the Year ended 31 July 2017
Statement of Corporate Governance and Internal Control (continued)

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a search committee comprising the Chair of the Corporation, the Principal, two other members of the Corporation and a co-opted member from the local community, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding 4 years.

Remuneration Committee

The College's terms of reference indicate that the Remuneration Committee should comprise four members of the Corporation, excluding staff and student Governors. The Chair of this Committee is the Chair of the main Corporation. The members who served on this Committee throughout the year to 31 July 2017 are noted on page 15.

The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior post holders.

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

Audit Committee

The College's terms of reference indicate that the Audit Committee should comprise of five members of the Corporation. The Chair of the Corporation, members of the F&GP Committee and the Accounting Officer are excluded from membership of the Audit Committee. The members who served on this Committee throughout the year to 31 July 2017 are noted on page 15. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets at least once per term and provides a forum for reporting by the College's internal, regularity and financial statement 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 system of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee.

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

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

Finance & General Purposes (F&GP) Committee

The College's terms of reference indicate that the F&GP Committee should comprise six members of the Corporation including the Chair of the Corporation and the Accounting Officer. The members who served on this Committee throughout the year to 31 July 2017 are noted on page 15. The Committee operates in accordance with written terms of reference approved by the Corporation.

The F&GP Committee, who meet at least once per term, primary role is to advise the Main Board on matters of Finance, The principle terms of reference include making recommendations to the Corporation on the following matters:-

- Approval of Financial Statements;
- Approval of College annual and revised budgets and any financial forecasts required by Funding Bodies;
- Review of Management Accounts;
- Approve major capital expenditure projects and any associated borrowings;

Financial Statements for the Year ended 31 July 2017
Statement of Corporate Governance and Internal Control (continued)

Finance & General Purposes (F&GP) Committee (continued)

- Receive reports on any major contracts;
- Approve, where appropriate, College Accommodation strategy;
- Determining College investment and borrowing policies; and
- Monitor financial data for sub-contracting arrangements.

This and other Committees also review the College's proposed Strategic Plan and Self-Assessment Report.

Internal Control

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

The Corporation has delegated the day to day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Funding Agreement between Joseph Chamberlain Sixth Form College and the funding bodies. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control
The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going 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 Joseph Chamberlain Sixth Form College for the year ended 31 July 2017 and up to the date of approval of the annual report and accounts.

Capacity to handle risk
The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal on-going process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2017 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

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

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

Joseph Chamberlain Sixth Form College has an internal audit service, which operates in accordance with the requirements of the ESFA Post 16 Audit Code of Practice. The work of the internal audit service is informed by the College's analysis of the risks to which the College is exposed. The internal audit service provides the Corporation with reports on the agreed areas of College activity.

Financial Statements for the Year ended 31 July 2017
Statement of Corporate Governance and Internal Control (continued)

Internal Control (continued)

The risk and control framework (continued)
The analysis of risk and the internal audit reports are endorsed by the Corporation on the recommendation of the Audit Committee.

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

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

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

The Senior Leadership Team receives reports setting out key performance and risk indicators and considers possible issues brought to their attention by early warning mechanisms which are embedded within the departments and reinforced by risk awareness training. The Senior Leadership Team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its meeting on 12 December 2017, the Corporation received a report from the Audit Committee on the annual activities and assessments carried out in 2016/17. The Audit Committee report and assurance will be based on the documentation presented to them by the Senior Leadership Team and internal auditors and taking account of events since 31 July 2017.

Based on the advice of the Audit Committee 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 College and the safeguarding of their assets".

Going Concern

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason 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 2017 and signed on its behalf by:

S M Anderson

Councillor S. Anderson
Chair

Mrs E. Tobin
Principal

Financial Statements for the Year ended 31 July 2017

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

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

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

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

Councillor S. Anderson
Chair

Mrs E. Tobin
Principal

Financial Statements for the Year ended 31 July 2017
Statement of Responsibilities of the Members of the Corporation

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

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

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

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

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

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

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

Approved by order of the members of the Corporation on 12 December 2017 and signed on its behalf by:

Councillor S. Anderson
Chair

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

Opinion

We have audited the financial statements of Joseph Chamberlain Sixth Form College (the "College") and its subsidiaries (the "Group") for the year ended 31 July 2017 which comprise the consolidated and college statements of comprehensive income, the consolidated and college balance sheets, the consolidated and college statements of changes in reserves, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" as set out in our engagement letter dated 25 August 2017.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2017 and of the Group's and the College's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

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 group 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 group's or 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 governors are responsible for the other information. The other information comprises the information included in the Members Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2016 to 2017 issued by the Department for Education requires us to report to you if, in our opinion:

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

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF JOSEPH CHAMBERLAIN SIXTH FORM COLLEGE (continued)

Responsibilities of the Corporation of Joseph Chamberlain Sixth Form College
As explained more fully in the Statement of the Corporation's Responsibilities set out on page 21 the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the Corporation is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at http://www.frc.org.uk/auditorsresponsibilities this description forms part of our auditor's report.

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education Funding Agency and our engagement letter dated 25 August 2017. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are required under our engagement letter dated 25 August 2017 to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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
St Philips Point
Temple Row
Birmingham
B2 5AF

Date: 18 December 2017

Financial Statements for the Year ended 31 July 2017

Consolidated and College Statements of Comprehensive Income

	Notes	Year ended 31 July 2017		Year ended 31 July 2016	
		Group £'000	College £'000	Group £'000	College £'000
INCOME					
Funding body grants	*2*	11,723	11,723	10,908	10,908
Tuition fees and education contracts	*3*	73	73	75	75
Other grants and contracts	*4*	47	15	76	31
Other income	*5*	820	693	720	611
Investment income	*6*	111	111	56	56
Total income		**12,774**	**12,615**	**11,835**	**11,681**
EXPENDITURE					
Staff costs	*7*	7,421	7,306	6,768	6,660
Other operating expenses	*8*	3,247	3,201	3,140	3,083
Depreciation	*11*	1,332	1,405	1,238	1,312
Interest and other finance costs	*9*	101	101	90	90
Total expenditure		**12,101**	**12,013**	**11,236**	**11,145**
Surplus before other gains and losses		**673**	**602**	**599**	**536**
Loss on disposal of assets		(9)	(9)	(1)	(1)
Surplus before tax		**664**	**593**	**598**	**535**
Taxation	*10*	-	-	-	-
Surplus for the year		**664**	**593**	**598**	**535**
Actuarial gain/(loss) in respect of pension schemes	*24*	937	937	(1,415)	(1,415)
Total Comprehensive Income for the Year		**1,601**	**1,530**	**(817)**	**(880)**
Represented by:					
Unrestricted comprehensive income		1,601	1,530	(817)	(880)
		1,601	**1,530**	**(817)**	**(880)**
Surplus/(deficit) for the year attributable to:					
Corporation of the College		1,601	1,530	(817)	(880)
Total comprehensive Income for the year attributable to:					
Corporation of the College		1,601	1,530	(817)	(880)

Financial Statements for the Year ended 31 July 2017

Consolidated and College Statement of Changes in Reserves

	Income and expenditure account	Total
	£'000	£'000
Group		
Balance at 1st August 2016	**14,983**	**14,983**
Surplus from income and expenditure account	664	664
Other comprehensive income	937	937
Total comprehensive income for the year	1,601	1,601
Balance at 31st July 2017	**16,584**	**16,584**

	Income and expenditure account	Total
	£'000	£'000
College		
Balance at 1st August 2016	**18,112**	**18,112**
Surplus from income and expenditure account	593	593
Other comprehensive income	937	937
Total comprehensive income for the year	1,530	1,530
Balance at 31st July 2017	**19,642**	**19,642**

Financial Statements for the Year ended 31 July 2017

Balance Sheets as at 31 July

	Notes	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Non current assets					
Tangible fixed assets	*11*	30,879	33,907	31,728	34,829
Investments	*12*	0	0	0	0
		30,879	**33,907**	**31,728**	**34,829**
Current Assets					
Trade and other receivables	*13*	178	287	111	227
Investments	*14*	6,128	6,128	5,277	5,277
Cash and cash equivalents		3,291	3,127	3,373	3,177
		9,597	**9,542**	**8,761**	**8,681**
Less: Creditors amounts falling due within one year	*15*	(2,932)	(2,847)	(2,848)	(2,740)
Net current assets		**6,665**	**6,695**	**5,913**	**5,941**
Total assets less current liabilities		**37,544**	**40,602**	**37,641**	**40,770**
Creditors: amounts falling due after more than one year	*16*	(18,004)	(18,004)	(18,890)	(18,890)
Provisions					
Defined benefit obligations	*18*	(2,881)	(2,881)	(3,699)	(3,699)
Other provisions	*18*	(75)	(75)	(69)	(69)
Total net assets		**16,584**	**19,642**	**14,983**	**18,112**
Unrestricted reserves:					
Income and expenditure account		16,584	19,642	14,983	18,112
Total unrestricted reserves		**16,584**	**19,642**	**14,983**	**18,112**

The financial statements on pages 24 to 48 were approved and authorised for issue by the Corporation on 12 December 2017 and are signed on its behalf by:

S. Anderson	**E. Tobin**
Chair	**Accounting Officer**

Financial Statements for the Year ended 31 July 2017

Consolidated Statement of Cash flows

	Notes	2017 £'000	2016 £'000
Cash flow from operating activities			
Surplus for the year		664	598
Adjustment for non-cash items			
Depreciation		1,332	1,238
(Increase)/decrease in debtors		(67)	24
Increase in creditors due within one year		84	28
(Decrease) in creditors due after one year		(636)	(687)
Pensions costs less contributions payable		41	50
Payments from Enhanced Pension Provision		(10)	(5)
Taxation		-	-
Adjustment for investing or financing activities			
Investment income		(111)	(56)
Interest payable		101	90
Loss on sale of fixed assets		9	1
Net cash flow from operating activities		**1,407**	**1,281**
Cash flows from investing activities			
Investment income		111	56
Withdrawal of deposits		5,277	4,025
New deposits		(6,128)	(5,027)
Payments made to acquire fixed assets		(492)	(102)
Net cash flows from investing activities		**(1,232)**	**(1,048)**
Cash flows from financing activities			
Interest paid		(7)	(11)
Repayments of amounts borrowed		(250)	(250)
Net cash flows from financing activities		**(257)**	**(261)**
(Decrease) in cash and cash equivalents in the year		**(82)**	**(28)**
Cash and cash equivalents at beginning of year		**3,373**	**3,401**
Cash and cash equivalents at end of year		**3,291**	**3,373**

Notes to the Accounts

1. Statement of accounting policies and estimation techniques

General Information

Joseph Chamberlain Sixth Form College ("the College") is a corporation established under the Further & Higher Education Act 1992 as an English sixth form college of further education. The registered office address of the Company is 1 Belgrave Road, Highgate, Birmingham, B12 9FF. The nature of the College's operations are set out in the Members' Report.

Statement of accounting policies

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

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2015* (the 2015 FE HE SORP), the *College Accounts Direction for 2015/16* and in accordance with Financial Reporting Standard 102 – *"The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland"* (FRS102).

The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The College has taken advantage of the exemptions provided in FRS 102 1.12 and the 2015 FE HE SORP 3.3, and has not included a separate statement of its own cash flows. These cash flows are included within the Consolidated Statement of Cash Flows, and the College Balance Sheet discloses cash at both the current and preceding reporting dates.

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

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

Basis of accounting

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The consolidated financial statements include the College and its subsidiary undertaking, Joseph Chamberlain Trading Limited and its subsidiary public interest company The College for International Citizenship CIC both of which are controlled by the Group.

Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Intra-group transactions, profits and balances are eliminated fully on consolidation. All financial statements are made up to 31 July 2017.

Going Concern

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

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

Going Concern (continued)

The College currently has £625,000 of loans outstanding with bankers on terms negotiated in 2009 being secured by a fixed and floating charge on College assets. The terms of the existing agreement terminate in 2019. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

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

Recognition of income

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

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

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

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

All income from short-term deposits is credited to the Statement of Comprehensive Income in the period in which it is earned on a receivable basis.

Accounting for post-employment benefits

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

Notes to the Accounts (continued)

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

Accounting for post-employment benefits (continued)

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 and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the Statement of Comprehensive Income in the periods during which services are rendered by employees. Differences between contributions payable in the year and contributions paid are shown as either accruals or prepayments.

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

Remeasurements comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest) are recognised immediately in Other Comprehensive Income.

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

Enhanced pensions
The actual cost of any enhanced on-going pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the on-going pension of a former member of staff is charged in full to comprehensive income in the year that the member of staff retires. In subsequent years, a charge is made to provisions in the Balance Sheet using the enhanced pension spread-sheet provided by the funding bodies.

Non-current Assets - Tangible fixed assets
Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

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

- Main College Campus – 50 years

Freehold land is not depreciated.

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

Non-current Assets - Tangible fixed assets (continued)
The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

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

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

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

Equipment
Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition, unless the individual item is part of a major replacement programme, in which case such items may be capitalised. All other equipment is capitalised at cost.

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

- Plant and equipment 5-15 years
- motor vehicles 5 years
- computer equipment 3-5 years
- furniture, fixtures and fittings 5-10 years

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

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

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

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Notes to the Accounts (continued)

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

Investments
Investments in subsidiaries
Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

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

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Financial instruments
The Group has chosen to adopt Sections 11 and 12 of FRS102 in full in respect of financial instruments.

Financial assets and liabilities
Financial assets and financial liabilities are recognised when the Group 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 measured 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.
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.
Derecognition of financial assets and liabilities
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 risk 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.

Foreign currency translation
Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction.

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 is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

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

Taxation (continued)
The College's subsidiary companies are subject to Corporation Tax and VAT in the same way as any commercial organisation.

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

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate that reflects the rates 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 measured reliably.

Contingent Liabilities are not recognised in the Balance Sheet but are disclosed in the notes to the financial statements.

Agency arrangements
The College acts as an agent in the collection and payment of bursary support funds from the funding bodies. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Statement of Comprehensive Income of the College where the College does not have control of the economic benefit related to the transaction.

Judgements in applying accounting policies and key sources of estimation uncertainty
In preparing these financial statements, management have made the following judgements:

- Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

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

- *Local Government Pension Scheme*
  The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, 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 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. Funding body grants

	2017 Group £'000	2017 College £'000	2016 Group £'000	2016 College £'000
Recurrent grants				
Education and Skills Funding Agency-Adults	2,019	2,019	1,774	1,774
Education and Skills Funding Agency-16-18	9,073	9,073	8,457	8,457
Specific grants				
Education and Skills Funding Agency	46	46	119	119
Releases of government capital grants	585	585	558	558
Total	**11,723**	**11,723**	**10,908**	**10,908**

3. Tuition fees and education contracts

	2017 Group £'000	2017 College £'000	2016 Group £'000	2016 College £'000
Adult Education Fees	1	1	12	12
Total Tuition fees	**1**	**1**	**12**	**12**
Education Contracts	72	72	63	63
Total	**73**	**73**	**75**	**75**

4. Other grants and contracts

	2017 Group £'000	2017 College £'000	2016 Group £'000	2016 College £'000
Other grants and contracts	47	15	76	31
Total	**47**	**15**	**76**	**31**

Notes to the Accounts (continued)

5. Other income

	2017 Group £'000	2017 College £'000	2016 Group £'000	2016 College £'000
Other income generating activities	246	119	217	108
Non-funding body capital grants	69	69	84	84
Miscellaneous income	505	505	419	419
Total	**820**	**693**	**720**	**611**

6. Investment Income

	2017 Group £'000	2017 College £'000	2016 Group £'000	2016 College £'000
Income from bank deposits	49	49	56	56
Income from investments	17	17	-	-
Fair Value gain on investments	45	45	-	-
Total	**111**	**111**	**56**	**56**

7. Staff costs and key management personnel remuneration – Group and College

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

	2017 Number	2016 Number
Teaching staff	112	110
Non-teaching staff	81	72
Total	**193**	**182**

Staff costs for the above persons:

	2017 £'000	2016 £'000
Wages and salaries	5,630	5,351
Social security costs	536	425
Other pension costs	1,022	832
Payroll sub total	7,188	6,608
Contracted out staffing services	233	160
Total staff costs	**7,421**	**6,768**

Other pension costs include FRS102 adjustments of £38,000 (2015/16: £47,000).

7 Staff costs and key management personnel remuneration – Group and College (continued)

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 College Leadership Team, which comprises the Principal, Deputy Principal, Assistant Principals, Director of Finance and HR Director.

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

	2017 Number	2016 Number
The number of key management personnel including the Accounting Officer was:	6	7

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

	Key management personnel 2017 Number	2016 Number
£20,001 to £30,000	1	2
£40,001 to £50,000	1	1
£50,001 to £60,000	2	2
£80,001 to £90,000	1	1
£90,001 to £100,000	-	1
£100,001 to £110,000	1	-
	6	**7**

No other members of staff received emoluments above £60,000 (2016: None).

Key management personnel (including the Accounting Officer) emoluments are made up as follows:

	2017 £'000	2016 £'000
Salaries	375	382
Benefits in kind	-	-
National Insurance contributions	45	41
	420	**423**
Pension contributions	57	55
Total emoluments	**477**	**478**

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

Notes to the Accounts (continued)

7. Staff costs and key management personnel remuneration – Group and College (continued)

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

	2017 £'000	2016 £'000
Salaries	105	100
Benefits in kind	-	-
National Insurance contributions	13	12
	118	**112**
Pension contributions	14	12

There were no severance payments to key management personnel in either year.

Governors Remuneration

The members of the Corporation, other than the Accounting Officer and staff members, did not receive any salary payment from the College. The total expenses paid to one governor in the year amounted to £9 (2016: £Nil) in respect of costs they incurred from performing their duties.

8. Other operating expenses

	2017 Group £'000	2017 College £'000	2016 Group £'000	2016 College £'000
Teaching costs	891	888	625	615
Non-teaching costs	1,636	1,618	1,718	1,694
Premises costs	720	695	797	774
Total	**3,247**	**3,201**	**3,140**	**3,083**

Surplus before tax is stated after charging:	**2017 £'000**	**2016 £'000**
Auditors' remuneration:		
Financial statements audit*	28	28
Internal audit	10	10
Other services provided by the financial statements auditor		
Taxation incl. VAT services	4	8
Loss on disposal of non-current assets	9	1
Hire of assets under operating leases	46	51

* includes £21,660 in respect of College (2015/16 £23,760)

No other services have been provided by the college's internal auditors.

Financial Statements for the Year ended 31 July 2017

Notes to the Accounts (continued)

9. Interest and other finance costs – Group and College

	2017	2016
	£'000	£'000
On bank loans, overdrafts and other loans	7	11
	7	**11**
Unwinding of discounts in relation to enhanced pension provision	3	1
Net interest on defined benefit pension liability (note 24)	91	78
	101	**90**

10. Taxation

The Corporation do not believe the College was liable for any Corporation Tax arising out of its activities during this year. A small tax liability arose in one of the subsidiary companies.

Financial Statements for the Year ended 31 July 2017

Notes to the Accounts (continued)

11. Tangible fixed assets (Group)

	Land and Buildings Freehold £'000	Equipment £'000	Total £'000
Cost			
At 1 August 2016	34,901	6,313	41,214
Additions	-	492	492
Disposals	-	(98)	(98)
At 31 July 2017	34,901	6,707	41,608
Depreciation			
At 1 August 2016	5,000	4,486	9,486
Charge for the year	671	661	1,332
Disposals	-	(89)	(89)
At 31 July 2017	5,671	5,058	10,729
Net book value at 31 July 2017	**29,230**	**1,649**	**30,879**
Net book value at 31 July 2016	29,901	1,827	31,728

Tangible fixed assets (College only)

	Land and Buildings Freehold £000	Equipment £000	Total £000
Cost			
At 1 August 2016	38,592	6,313	44,905
Additions	-	492	492
Disposals	-	(98)	(98)
At 31 July 2017	38,592	6,707	45,299
Depreciation			
At 1 August 2016	5,590	4,486	10,076
Charge for the year	744	661	1,405
Disposals	-	(89)	(89)
At 31 July 2017	6,334	5,058	11,392
Net book value at 31 July 2017	**32,258**	**1,649**	**33,907**
Net book value at 31 July 2016	33,002	1,827	34,829

All the tangible fixed assets of the group are held in the books of the College.

Financial Statements for the Year ended 31 July 2017

Notes to the Accounts (continued)

12 Non-current Investments

	2017 £000	2016 £000
Investment in subsidiary companies at cost less amounts written off	-	-

The College owns 100 per cent of the issued ordinary £1 shares of Joseph Chamberlain (Trading) Limited a company incorporated in England and Wales. Joseph Chamberlain (Trading) Limited recommenced trading as a Sports Centre community operator on 18 August 2014 and in the year to 31 July 2017 incurred a small operating deficit of £2,450 (2016: £10,803-deficit). As a consequence the Company did not gift aid any profits to Joseph Chamberlain College in that year (2016 £Nil). Joseph Chamberlain (Trading) Limited owns 100 per cent of the issued ordinary £1 shares of The College for International Citizenship CIC a Community Interest Company. The principle activity of this company is to provide educational courses in international citizenship to students aged 16 or over. The College for International Citizenship generated profits of £96 in the year to 31 July 2017 (2016: £20).

13 Debtors

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Amounts falling due within one year				
Trade receivables	22	22	15	15
Amounts owed by subsidiary undertakings	-	123	-	131
Prepayments and accrued income	156	142	96	81
Total	**178**	**287**	**111**	**227**

14 Current investments

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Short term bank deposits	5,083	5,083	5,277	5,277
Charity Investment Fund	1,045	1,045	-	-
Total	**6,128**	**6,128**	**5,277**	**5,277**

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority with more than three months maturity at the Balance Sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement. The charity fund investment relates to the purchase of units through CCLA in a Charity Investment Fund. The units can be sold at any time. The units were worth £1,000,000 when acquired in October 2016 and at the Balance Sheet date they were worth £1,044,969. Interest received is processed through the Statement of Comprehensive Income.

Notes to the Accounts (continued)

15 Creditors: amounts falling due within one year

	Group 2017 £000	College 2017 £000	Group 2016 £000	College 2016 £000
Bank loans	250	250	250	250
Holiday pay accrual	25	25	25	25
Trade payables	528	528	371	371
Amounts owed to subsidiary undertakings	-	-	-	10
Other taxation and social security	215	215	205	205
Accruals and other deferred income	1,205	1,120	1,038	920
Deferred income-government capital grants	647	647	642	642
Amounts owed to Education and Skills Funding Agency	62	62	317	317
	2,932	**2,847**	**2,848**	**2,740**

16 Creditors: amounts falling due after one year

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Bank Loans	375	375	625	625
Other taxation and social security	3	3	48	48
Deferred income - government capital grants	17,626	17,626	18,217	18,217
Total	**18,004**	**18,004**	**18,890**	**18,890**

17 Maturity of debt

Bank loans and overdrafts
Bank loans are repayable as follows:

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
In one year or less	250	250	250	250
Between one and two years	250	250	250	250
Between three and five years	125	125	375	375
Total	**625**	**625**	**875**	**875**

The bank loan of £625,000, at an interest rate currently based on three month LIBOR plus a margin of 0.525%, is repayable in equal quarterly tranches of £62,500.

The bank loan is secured against a portion of the freehold land and buildings of the College.

Notes to the Accounts (continued)

18 Provisions

	Group and College		
	Defined benefit obligations	Enhanced Pensions	Total
	£'000	£'000	£'000
At 1 August 2016	3,699	69	**3,768**
Expenditure in the period	-	(10)	**(10)**
Additions in the period	(818)	16	**(802)**
At 31 July 2017	**2,881**	**75**	**2,956**

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 24.

The enhanced pension provision relates to the cost of staff who have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the Balance Sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	2017	2016
Price inflation	2.30%	2.30%
Discount rate	1.30%	1.30%

The enhanced pension provision includes £26,008 (2016: £24,161) in respect of a former senior post-holder.

19 Financial instruments

	Group 2017	College 2017	Group 2016	College 2016
Financial Assets	£'000	£'000	£'000	£'000
Debt instruments measured at amortised cost	62	48	71	56
Debt instruments measured at fair value through profit and loss	1,045	1,045	-	-
Financial Assets				
Financial Liabilities measured at amortised cost	2,180	2,095	2,351	2,344

20 Capital and other commitments

	Group and College	
	2017	2016
	£'000	£'000
Commitments contracted for at 31 July	52	0

Financial Statements for the Year ended 31 July 2017

Notes to the Accounts (continued)

21 Lease obligations

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

	Group and College	
	2017	**2016**
	£'000	**£'000**
Land & Buildings:		
Not later than one year	6	6
Later than one year and not later than five years	6	12
Later than five years	-	-
	12	**18**
Other:		
Not later than one year	39	30
Later than one year and not later than five years	47	58
Later than five years	-	-
	86	**88**

22 Contingent liabilities

The College is unaware of any contingent liabilities that may be accruing at the date of approval of these financial statements by the Corporation.

23 Events after the reporting period

There are no events after the reporting period that would have a material effect on these financial statements.

24 Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans, the Teachers' Pensions Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is administered by the West Midlands Metropolitan Authorities Pension Fund. Both are multi-employer defined-benefit plans.

		2017		**2016**
Total pension cost for the year	**£'000**	**£'000**	**£'000**	**£'000**
Teachers' Pension Scheme: contributions paid		597		568
Local Government Pension Scheme:				
Contributions paid	387		217	
FRS 102 (28) charge	38		47	
Charge to Statement of Comprehensive Income		425		264
Enhanced pension charge to Statement of Comprehensive Income		-		-
Total Pension Cost for year within staff costs		**1,022**		**832**

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

24 Defined benefit obligations (continued)

Contributions amounting to £29,902 (2016: £20,847) and £69,877 (2016: £73,808) were payable to the LGPS and TPS schemes respectively at 31 July 2017 and are included within creditors.

Teachers' Pension Scheme
The Teachers' Pensions Scheme ("TPS") is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions, along with those made by employers, are credited to the Exchequer.

Valuation of the Teachers' Pensions 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 review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published in June 2014. The key results of the valuation and subsequent consultations are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £191.5 billion;
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £176.6 billion;
- Notional past service deficit of £14.9 billion;
- Assumed real rate of return is 3% in excess of prices and 2% in excess of earnings;
- Rate of real earnings growth is assumed to be 2.75%;
- Assumed nominal rate of return is 5.06%;

The employer contribution rate has been 16.48% since 1 September 2015, with an employer cost cap of 10.9% of pensionable pay.
The next valuation of the TPS is currently underway based on March 2016 data, whereupon the employer contribution rate is expected to be reassessed and is likely to be effective from 1 April 2019.

The pension costs paid to TPS in the year amounted to £597,000 (2016: £568,000).

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme on as a defined benefit plan so it is accounted for as a defined contribution plan.

Notes to the Accounts (continued)

24 Defined benefit obligations (continued)

FRS 102 (28)

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by West Midlands Metropolitan Authorities Pension Fund. The total contributions made for the year ended 31 July 2017 was £470,000 of which employers contributions totalled £374,000 and employees' contributions totalled £96,000. The agreed contribution rate from 1 April 2017 is 17% (up from 11.8%) for employers and range from 5.5% to 12.5%, for employees depending on salary.

Principal Actuarial Assumptions

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

	At 31 July 2017	At 31 July 2016
Rate of increase in salaries	4.20%	3.75%
Future pension increases	2.70%	2.00%
Discount rate for scheme liabilities	2.70%	2.60%
Inflation assumptions (CPI)	2.70%	2.20%
Commutation of pensions to lump sums	50%	50%

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

	At 31 July 2017	At 31 July 2016
Retiring today		
Males	21.8	23.0
Females	24.3	25.7
Retiring in 20 years		
Males	23.9	25.3
Females	26.6	28.1

Notes to the Accounts (continued)

24 Defined benefit obligations (continued)

The College's share of the assets in the plan at the Balance Sheet date was:

	Fair Value at 31 July 2017 £'000	Fair Value at 31 July 2016 £'000
Equity instrumemts	4,698	3,370
Debt instrumemts	1,815	1,493
Property	543	452
Cash	369	365
Total fair value of plan assets	**7,425**	**5,680**
Actual return on plan assets	**1,047**	**575**

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

	2017 £'000	2016 £'000
Amounts included in staff costs		
Current service cost	412	263
Admin expenses	3	3
Total	**415**	**266**
Amounts included in interest and other finance costs		
Net interest expense	**(91)**	**(78)**
Amount recognised in other comprehensive income		
Return on pension plan assets	895	385
Changes in assumptions underlying the present value of plan obligations	55	(1,797)
Amount recognised in other comprehensive income	**950**	**(1,412)**

Notes to the Accounts (continued)

24 Defined benefit obligations (continued)

Local Government Pension Scheme (continued)
Movement in net defined benefit (liability) / asset during year

	2017 £'000	2016 £'000
Net defined benefit (liability) / asset in scheme at 1st August	(3,699)	(2,159)
Movement in year:		
Current service cost	(412)	(263)
Employer contributions	374	216
Administrative expenses	(3)	(3)
Net interest on the defined (liability) / asset	(91)	(78)
Actuarial (loss)/gain	950	(1,412)
Net defined benefit (liability) / asset at 31st July	**(2,881)**	**(3,699)**

Asset and Liability Reconciliation

Changes in the present value of defined benefit obligations	**2017 £'000**	**2016 £'000**
Defined benefit obligations at start of period	9,379	7,063
Current service cost	412	263
Interest cost	243	268
Contributions by scheme participants	96	87
Experience gains on defined benefit obligations	(526)	-
Change in demographic assumptions	(238)	-
Change in financial assumptions	1,068	1,797
Benefits paid	(128)	(99)
Defined benefit obligations at end of period	**10,306**	**9,379**

Changes in fair value of plan assets		
Fair value of plan assets at start of period	5,680	4,904
Interest on plan assets	152	190
Return on plan assets	895	385
Employer contributions	374	216
Administrative expenses	(3)	(3)
Other actuarial gains	359	-
Contributions by scheme participants	96	87
Benefits paid	(128)	(99)
Fair value of plan assets at end of period	**7,425**	**5,680**

25 Related Party Transactions

Owing to the nature of the College's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are in accordance with the College's financial regulations and normal procurement procedures. No transactions were identified which should be disclosed under the related party accounting requirements.

A governor, excluding staff governors, received a small payment in respect of travel undertaken in carrying out their duties as a Governor during the year (2016: None).

Key management compensation is given in note 7.

26 Learner support funds

	2017	2016
	£'000	£'000
Funding body grants - discretionary/vulnerable learner support	926	1,068
	926	1,068
Disbursed to students	(822)	(712)
Administration costs	(42)	(39)
Balance unspent as at 31 July, included in creditors	**62**	**317**

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.

In 2015/16 the Statement of Comprehensive Income included payments from learner support funds (£81,000) to compensate the College for the cost of Free School Meals provided to students who qualified for that particular form of support. The College also included in the Statement of Comprehensive Income the related corresponding payment to the catering franchise-holder for those meals provided under the Free School Meals programme.

Independent Reporting Accountant's report on regularity to the Corporation of Joseph Chamberlain Sixth Form College and the Secretary of State for Education acting through the Department for Education

Conclusion
We have carried out an engagement, in accordance with the terms of our engagement letter dated 25 August 2017 and further to the requirements of the funding agreement with the Education Funding Agency, to obtain limited assurance about whether the expenditure disbursed and income received by Joseph Chamberlain Sixth Form College during the period 1 August 2016 to 31 July 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2016 to 31 July 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion
The framework that has been applied is set out in the Post-16 Audit Code of Practice 2016 to 2017 issued by the Department for Education. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which Education and Skills Funding Agency has other assurance arrangements in place.

We are independent of the Joseph Chamberlain 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 Joseph Chamberlain Sixth Form College for regularity
The Corporation of Joseph Chamberlain Sixth Form College is responsible, under the funding agreement and the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The corporation of Joseph Chamberlain 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 Post-16 Audit Code of Practice 2016 to 2017.

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

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2016 to 31 July 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the funding agreement with the Education Funding Agency 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.

Independent Reporting Accountant's report on regularity to the Corporation of Joseph Chamberlain Sixth Form College and the Secretary of State for Education acting through the Department for Education (Continued)

Reporting accountant's responsibilities for reporting on regularity

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

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Date: 18 December 2017