

**Saint
Francis
Xavier**

CATHOLIC SIXTH FORM COLLEGE

**Report and Financial Statements
For the Year Ended 31 July 2019**

**St Francis Xavier 6th Form College
Year Ended 31 July 2019**

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St Francis Xavier 6th Form College For the Year Ended 31 July 2019 Report of the Governing Body

NATURE, OBJECTIVES AND STRATEGIES

The Governing Body presents its report and the audited financial statements for the year ended 31 July 2019.

Legal status

The Governing Body is a corporate body established under the Further and Higher Education Act 1992 for the purpose of conducting the activities of St Francis Xavier 6th Form College. The Governing Body together with the College is an exempt charity for the purposes of the Charities Act 2011.

The College was formed as St Francis Xavier 6th Form College.

Mission

The College's mission, as approved by its Governing Body in July 2005, is:

At St Francis Xavier 6th Form College we provide for the educational needs of our students in a Catholic environment that proclaims Jesus Christ, the Way, the Truth and the Life. We are committed to a community based on mutual respect where we recognise our responsibilities to ourselves and others.

Public benefit

St Francis Xavier 6th Form College is an exempt charity under Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 17 to 19.

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 benefit for the advancement of education:

- ◆ High-quality teaching and learning;
- ◆ Widening participation and tackling social exclusion;
- ◆ Excellent university progression and employment rates for students;
- ◆ Strong student support systems;
- ◆ Good links with employers, industry and commerce, including 'T' Level development.
- ◆ Links with Local Enterprise Partnerships (LEPs).

NATURE, OBJECTIVES AND STRATEGIES (continued)

Implementation of Strategic Plan

During the academic year 2018 we agreed a 3year strategic development plan ratified and monitored by the Governing Body. Our overarching strategic principles are listed below:

- **Commitment to our Catholic mission**
- **Excellence in quality and standards of educational achievement supported by a judgement of “Outstanding” in external inspection**
- **Excellence in pastoral care and contribution to the welfare of our young people**
- **Ensuring the future of the College as a thriving provider of education**
- **Excellence in curriculum innovation**
- **Excellence in preparation of students for higher education and employment that contributes to the local and national economy**
- **Exemplary standards in social responsibility and faith in action**
- **Excellence in equality and raising participation**

Our resources will be deployed to ensure that we achieve those goals. Our commitment to our strategic goals is collective and democratic: stakeholders are invited to reconsider the in-year targets annually and these are drawn from our 3 year overarching perspective. The College community and its governors all share responsibility for the delivery of these goals. We monitor and report progress against Key Performance Indicators annually and we report on progress against the in-year targets of the plan. Unless otherwise stated the targets run for the life of the strategic plan. Underpinning the review of the strategic overview is our annual self-assessment process wherein we assess our progress against objectives. Progress against the annual strategic objectives is measured as objectively as possible. In our College Quality Day, we concentrate particularly upon progress against our KPIs of recruitment, retention and achievement, as well as attendance and punctuality.

While this is a mid-term and longer-term strategic plan it will evolve, particularly as the educational and political landscape evolves. We therefore must take note of national educational objectives, for example the development of T levels, and such national agendas are reflected in the aims summarized below:

Strategic Aims:

- ✓ To secure the future of the College as a thriving provider of post-16 provision with demonstrably excellent standards of provision (Outstanding judgement by Ofsted)
- ✓ To keep the roll out of the academisation programme across the Sixth Form Sector under review and respond in accordance with Diocesan guidance
- ✓ To recruit and develop London’s most talented and promising young adults and staff members and be a Pan-London institution with a reputation for excellence and diversity.
- ✓ To provide the highest quality teaching environment for our students and deliver an outstanding educational portfolio which facilitates the educational progression and employment opportunities of those in our care
- ✓ To educate students of integrity and faith who will be ready and able to participate in ethical leadership roles in the future and abide by the highest professional and personal standards
- ✓ To offer a holistic education which prepares students for adult life
- ✓ To draw upon our alumni, their achievements and talents as role models and potential future employees of the College
- ✓ To be innovative and responsive in the development of skills and knowledge which make a significant, sustainable and socially responsible contribution to the economies of London and the UK, building capacity, educational participation and community cohesion

St Francis Xavier 6th Form College

NATURE, OBJECTIVES AND STRATEGIES (continued)

Strategic Aims: (continued)

Each academic year we extrapolate 4-5 specific annual objectives for the College. In 2018-19 these were:

1. Change the Lens (VESPA et al)
 - i. This relates to how we view limitations and capacity. It encourages staff members to look at a “problem” or obstacle, animate or inanimate, from a different perspective and see how it can be levered positively.
2. Attendance and Punctuality
 - i. We have changed the structure of the timetable to considerably longer sessions and our attendance and punctuality drive seeks to maximize attendance and minimize disruption to lessons. Several strategies were pinned into measures funded by the Strategic Improvement Fund, for example the employment of an Attendance Officer and an Achievement Officer.
3. Refine Value-Added Systems
 - i. Our target- setting is now more robust and accurate when we compare forecasts with actuals: we shall continue to refine the processes and deployment of those systems.
4. Prepare for Applied Changes and T-Levels
 - i. College is involved in the Capacity Development Fund for extended work placements and will increase the number of extended placements for students on applied courses in forthcoming year.
5. Exchange and Share
 - i. Staff members will continue to share expertise internally and we shall work with various external partnerships, for example London Sixth Form partnership to extend professional exchange.

Performance Indicators

The College has continued to monitor the following as key performance indicators in 2018-2019.

- Achievement rates (by learner type and profile) retention rates, pass rates and value added measures;
- Self-assessment / inspection and curriculum external moderation;
- Learner destinations and satisfaction surveys; and
- Financial health measures.

The College is committed to observing the importance of sector measures and indicators and uses the Ofsted national benchmarks for Sixth Form Colleges and all institutions as well as SFCA/AOC data in order to measure comparative achievement rates.

The financial indicators (Financial Health and Financial Management and Control) will continue to be graded and will be reported to providers directly by the relevant funding body.

The College is required to complete the annual Finance Record for the Education and Skills Funding Agency (“ESFA”). The Finance Record produces a financial health grading. The College is assessed by the ESFA as having an “outstanding” financial health grading. The current rating is considered an acceptable outcome.

St Francis Xavier 6th Form College

FINANCIAL POSITION

Financial results

The College incurred an operating surplus in the year of £30,000 (2017/18 - deficit of £407,000).

The operational surplus for 2018/19 was £739,000 (2017/18 - £388,000) after adjustments for FRS 102 pension movements, depreciation and deferred capital grants. The operational surplus for the year includes a one-off donation of £776,000 received in the year from the Archdiocese of Southwark.

At 31 July 2019, the College has accumulated unrestricted reserves before deduction of the pension reserve of £12,448,000 (2017/18 - £11,971,000) and a cash balance of £2,888,000 (2017/18 - £2,253,000).

Tangible fixed asset additions during the year amounted to £654,000 (2017/18 - £333,000). This was split between land and buildings, £444,000 (2017/18 - £179,000) and equipment purchases of £210,000 (2017/18 - £154,000) relating to roof works, LED lighting, a MUGA pitch and IT improvements to the infrastructure, including new computers.

The College still has significant reliance on the ESFA for its principal funding source, largely from Funding Agency grants. In 2019 the ESFA provided 86% of the College's total income (2017/18 – 92%).

Investments

The College has one subsidiary company, SFX Corporate Services Limited. The principal activity of SFX Corporate Services Limited is to provide senior management, commercial and consultancy services in all areas of educational leadership and management. These areas include curriculum, administration, IT, MIS, estates and communication technology. Any taxable surpluses generated by the subsidiary are transferred to the College under deed of covenant. In the current year, the overall surplus generated was £44,515 (2017/18 - £26,977).

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.

All major transactions are authorised by the Governors through the Finance and Resources Committee and the adherence to the College's Treasury Management Policy. Such arrangements are restricted by limits in the College's Conditions of Funding Agreement agreed with the ESFA. All other borrowing requires the authorisation of the College and shall comply with the requirements of the Conditions of Funding Agreement.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Governing Body and shall comply with the requirements of the Conditions of Funding Agreement.

Cash flows

There was an operating cash inflow of £1,389,000 (2017/18 – inflow of £660,000), and there was an overall increase in cash of £635,000 in the year (2017/18 – increase of £223,000).

St Francis Xavier 6th Form College

FINANCIAL POSITION (continued)

Liquidity

The College has £1,089,000 on fixed term deposit (2017/18 £813,000).

Reserves Policy

The College needs to have sufficient reserves to enable it to meet its obligations should there be an unexpected revenue shortfall. The existence of unrestricted reserves also offers the College flexibility to plan and fund major projects to develop and maintain its buildings and facilities.

By their very nature, the availability of the restricted funds for the general operation of the College is limited. Accordingly, it is the unrestricted funds (or general purpose reserve) which are expendable at the discretion of the Governing Body in the furtherance of the objectives of the College. General purpose reserve decreased by £182k during 2018/19, with the balance being £9m at 31 July 2019 (2017/18 - £9m). General purpose reserves are represented by net current assets of the College with the Governors requiring a minimum cash balance of £1m to be held. There were restricted reserves of £1,000 available for prizes (2017/18 - £1,000).

CURRENT AND FUTURE DEVELOPMENTS AND PERFORMANCE

Financial Health

According to the ESFA Financial Health grades, the College is currently 'Outstanding'.

Student Numbers

The College is funded according to the number of students enrolled (on a lagged basis). In 2018/19, the College recruited 1,211 (2017/18 - 1,297) students against a target of 1,297. All learners were either 16-18 students or fell within the 19+ continuing learners' categories. There were no 19+ learners or part time students.

Student Achievements

The College underwent a full Ofsted inspection in January 2018. A four-point scale is used to summarise judgements about achievement and standards.

Overall Effectiveness – Good (2)

Outcomes for Learners – Requires improvement (3)
Personal development, behaviour and welfare - Good (2)
Quality of Teaching, Learning and Assessment – Good (2)
Leadership and Management – Good (2)
16-19 Study Programmes – Good (2)

St Francis Xavier 6th Form College

CURRENT AND FUTURE DEVELOPMENTS AND PERFORMANCE (continued)

Curriculum Developments

The College's core business is the delivery of a range of full time 16-19 courses, primarily but not exclusively, at Level 3. The College offers a mixture of academic A level linear qualifications and AS standalone qualifications as well as General Applied Diplomas. At Level 2 General Applied Diplomas are supplemented by GCSE provision in English and Maths. Level 1 Learners follow a Foundation Learning Programme centred on a Business core complemented by functional skills and PSD qualifications. In 2017/18 the College was involved in a 'T' Level industrial placements pilot, to enhance the preparation for employment for Level 3 students.

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. During the accounting period from 1 August 2018 to 31 July 2019, the College paid 96% of its invoices within 30 days (2017/18 – 96%). The College incurred nil interest charge in respect of late payment for this period (2017/18 – none).

Staff and Student Involvement

The College considers good communication with its staff to be very important and to this end it publishes regular newsletters and daily bulletins, which are available to all staff. In addition, a full staff briefing is held on a weekly basis, and all key information is available in the staff area of the College website/Moodle. Furthermore, the SMT holds regular meetings with the teaching associations and unions and the institution is accredited with Investors in People (Silver Award).

The College also encourages staff and student involvement through membership of formal committees. In order to ensure the College is responsive to the 'learners' voice' a member of staff has been given responsibility for this area to ensure it is audited, monitored and acted upon.

Taxation

The majority of the College's activities are outside the scope of corporation tax.

Future developments

The College's development plan for 2019-20 concentrates on the following themes:

- To be innovative and responsive in the development of skills and knowledge which make a significant, sustainable and socially responsible contribution to the economies of London and the UK, building capacity, educational participation and community cohesion.
- To use technology to support teaching and learning and become an "Apple Distinguished" institution by 2020/21.

St Francis Xavier 6th Form College

CURRENT AND FUTURE DEVELOPMENTS AND PERFORMANCE (continued)

Future developments (continued)

- To develop income-generating activities to support the College's financial sustainability and to ensure high standards of accountability, probity and financial control.
- To prepare for curriculum change (Applied General Diploma changes and the launch of 'T' Levels).
- To attract students and staff members from a wide range of backgrounds.
- To prepare for the new framework for denominational inspection as a Catholic College.

RESOURCES

The College continues to invest in its building and facilities to ensure students have the most up to date learning environment. Nevertheless, the College's most valuable resource remains its teaching and support staff. The College's policy is to ensure that its staff resource is of the highest quality so that our students receive the very best post-16 provision, however, this does mean (even allowing for the fact that the College does not outsource activities such as cleaning or payroll) that our staff costs are above average for the sector. We are mindful therefore of the need to downsize the staffing complement (primarily in support staff functions) to make appropriate savings. This is a strategy that has been underway for some time (see below) and which will need to be continued in the light of the emerging risks for 2019/20 (see page 9).

2014/15 135 FTE staff (72 teaching FTE)

2015/16 131 FTE staff (74 teaching FTE)

2016/17 126 FTE Staff (70 teaching FTE)

2017/18 119 FTE Staff (66 teaching FTE)

2018/19 111 FTE Staff (66 teaching FTE)

Financial

The College has £9m (2017/18 - £9m) of net assets after deducting the £4m pension liability (2017/18 - £3m).

People

The College employs 111 people (expressed as full time equivalents), of whom 66 are teaching staff.

Reputation

The College retains a good reputation locally and nationally, which is confirmed by the January 2018 Ofsted grade. Maintaining a quality brand is essential for the College's success in attracting students and sustaining external relationships.

PRINCIPAL RISKS AND UNCERTAINTIES

The College continues to develop and embed a system of internal control, including financial, operational and risk management, which is designed to protect the College's assets and reputation. As a measure of good practice a FMCE (Financial Management and Control Evaluation) is completed annually.

Based on the strategic plan and Board Assurance Framework, the Risk Management Group 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 Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

A risk register is maintained at the College level which is reviewed at every meeting by the Governors' Audit Committee and more frequently where necessary. Each committee of the Governing Body has a standing agenda item to identify new / emerging risks. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

This process is supported by strategies to raise awareness of risk throughout the College.

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

1. Changes in levels of student recruitment

The College operates in an increasingly competitive market place and is acutely conscious of the need to maintain effective recruitment and marketing strategies. Prior to September 2017, the College had always met its student recruitment targets and had followed a steady pathway of growth since 2009. In 2017/18 and 2018/19 however, 16-19 recruitment numbers show that targets have not been met and consequently the College is having to operate with a reduction in anticipated funding. Moving forward, although there will be no in year reconciliation there will be a need for significant changes to the College financial plan for 2019/20 onwards to cope with this unplanned downsizing in learner numbers and the College will be consulting with the ESFA on future plans and potential options.

2. Changes to levels of Government funding

The changes in funding methodology (and changes to 18+ Funding) have continued to impact on the level of ESFA grants and recurrent funding. In the past, the College has pursued a variety of strategies to mitigate these reductions including growth in lagged numbers, curriculum re-organisation and the development of alternative income streams. In the light of the recruitment shortfall in 2017/18 and 18/19 it is prudent to re-examine these strategies once more. The College is aware of the current government agenda to look at all aspects of structural efficiencies and was actively engaged in the Area Review London Central process. The final outcome of this process, which suggested that SFX could remain a 'standalone' institution was pleasing nevertheless the College remains realistic about the significant challenges it continues to face in this area, particularly whilst the option of 'academisation' remains closed to Catholic Colleges. The College will keep the roll out of the academisation programme across the Sixth Form Sector under review and be advised by Diocesan guidance

3. Ofsted Inspection Outcome

The College was pleased to obtain an overall effectiveness grade of 2 'Good' in January 2018 and it remains mindful that the significant progress made in 2017/18, particularly regarding 'outcomes for learners', needs to be sustained.

4. Changes regarding the funding of pension liabilities

In financial terms, there always remains a risk to the College from potential increases in pension liabilities. Although such a scenario did not take place in 2017/18, significant changes to employer contributions for teaching staff and support staff are planned for 2019/20 and the employer contribution will rise from 16.48% to 23.68% in September 2019 an increase of more than 40%. The next round of public service pension valuations will assess schemes as at March 2020 and will determine contribution rates and benefits from April 2023 onwards.

St Francis Xavier 6th Form College

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

5. Teacher salaries

There is an emerging risk from higher than planned teacher pay awards in 2018/19 onwards, particularly if Sixth Form Colleges are not afforded the same DfE guarantees as those now available to 16 – 19 academies. The STRB have recommended a 2.75% uplift to the minima and maxima of all pay ranges and allowances in the national pay framework for 19/20.

In terms of the principal risks and uncertainties set out above, whilst the College does not underestimate the challenges it continues to face, it does not believe that these risks currently threaten the College's ability to function as a going concern.

STAKEHOLDER RELATIONSHIPS

In line with other colleges St Francis Xavier 6th Form College has many stakeholders. These include:

- ◆ Students
- ◆ Parents/Guardians
- ◆ ESFA (DFE)
- ◆ Sixth Form /FE Commissioner
- ◆ Staff
- ◆ Partner schools
- ◆ Other Schools from which SFX recruits students
- ◆ Universities/ Higher education bodies
- ◆ Employers
- ◆ Local Authorities
- ◆ Government Offices/ Regional Development Agencies; and
- ◆ The Archdiocese of Southwark.

The College recognises the importance of these relationships and engages in regular communication with them through the College website, written communications and by meetings.

Disability Statement

The College considers all applications for employment from applicants with a disability, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion for such staff members that are, as far as possible, identical to those for other employees.

The College seeks to fulfil the objectives set down in the Equality Act 2010 and will give priority of access to staff and students with specific learning needs and/or physical or mental disabilities. The College has a close link with Oak Lodge School for the Deaf and, as appropriate, students may progress from there to undertake full-time mainstream courses at the College.

- i. As part of the redevelopment of the buildings the College has installed lifts and ramps so that most of the facilities allow access to people with a physical disability;

STAKEHOLDER RELATIONSHIPS (continued)

Disability Statement (continued)

- ii. There is a list of specialist equipment, such as lighting for audio facilities and electronic readers for examinations, which the College can make available for use by students with specific needs. All of these measures, as well as educational support for students, is co-ordinated by the Additional Learning Support Department.

The admissions policy for all students is described in the College prospectus and in a policy published on the College website. Appeals against a decision to decline admission are dealt with under the complaints process policy;

- iii. The College has made a significant investment in the appointment of specialist tutors to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities. The College works with representatives of the 14 local authorities from which learners are drawn in terms of securing appropriate levels of ALS funding for high needs learners;
- iv. Specialist programmes are described in programme information guides, and achievements and destinations are recorded and published in the standard College format; and
- v. Counselling, bursary and welfare services are described in the Student Handbook.

Trade union facility time

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

Relevant union officials

Number of employees who were relevant union officials during the period

5

Percentage of time spent on facility time

| Percentage of time | Number of employees |
|--------------------|---------------------|
| 0% | 0 |
| 1% - 50% | 5 |
| 51% - 99% | 0 |
| 100% | 0 |

St Francis Xavier 6th Form College

STAKEHOLDER RELATIONSHIPS (continued)

Trade union facility time (continued)

Percentage of pay bill spent on facility time

| | |
|--|------------|
| Total cost of facility time | £4,034 |
| Total pay bill | £6,084,472 |
| Percentage of the total pay bill spent on facility time, calculated as: | 0.07% |
| $(\text{total cost of facility time} \div \text{total pay bill}) \times 100$ | |

Paid trade union activities

| | |
|--|------|
| Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: | None |
| $(\text{total hours spent on paid trade union activities by relevant union officials during the relevant period} \div \text{total paid facility time hours}) \times 100$ | |

St Francis Xavier 6th Form College Equality Plan (now contained within SFX Single Equality Scheme)

Our Commitment

St Francis Xavier 6th Form College affirms that individuals from minority ethnic groups are entitled to the same equal rights, responsibilities and opportunities as the majority population. The College strives to ensure that, whatever the heritage and origins of the members of the College community, everyone is equally valued and treats one another with respect. This commitment is an essential expression of "the Christian values that are the inspiration of the College".

This policy statement reflects our equal opportunities policy and reminds us that diversity in our society is a strength and we must ensure equality and equity having regard to issues of gender, age, race, religion, disability and culture.

We will work towards the elimination of racism whether overt, covert or by omission, and we will ensure that individuals and communities have equal access to the curriculum and College facilities.

The College believes that its profile of learners and staff is testimony to the fulfilment of these objectives.

The Ethnic breakdown for 2018/19 is as follows:

St Francis Xavier 6th Form College

STAKEHOLDER RELATIONSHIPS (continued)

St Francis Xavier 6th Form College Equality Plan (now contained within SFX Single Equality Scheme) (continued)

Our Commitment (continued)

Student Population 2018/19

| Ethnicity | Students | Total |
|-----------------|----------|-------|
| Asian | 5.24% | 68 |
| Black African | 38.55% | 500 |
| Black Caribbean | 23.05% | 299 |
| Black Other | 3.62% | 47 |
| Chinese | 0.46% | 6 |
| Mixed | 29.08% | 377 |

The figures given in this table cover the whole student body (year 12 – year 14). The pattern of ethnic diversity is similar across both new students (year 12) and returning students (year 13 & year 14).

Staff Recruitment 2018/19 (including internal appointments)

| Ethnicity | Overall No's | % of total | 2018/19 Recruitment | % of new |
|--|--------------|------------|---------------------|------------|
| White | 48 | 22 | 60 | 60 |
| Mixed | 10 | 5 | 6 | 5 |
| Asian or Asian British | 13 | 6 | 20 | 15 |
| Other Asian | 2 | 1 | 3 | 2 |
| Black & Black British | 61 | 28 | 16 | 12 |
| Chinese or Other Ethnic Group | 9 | 4 | 2 | 1 |
| Not known * | 74 | 34 | 6 | 5 |
| Total Black & Ethnic Minorities | 61 | 28 | 41 | 30 |
| Overall Total | 217 | 100 | 113 | 100 |

* Applicants from Agencies where ethnicity not given.

DISCLOSURE OF INFORMATION TO AUDITOR

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

Approved by order of the Governing Body on 5th December 2019 and signed on its behalf by:


C Garvey - Chair

St Francis Xavier 6th Form College

Key Management Personnel, Governing Body and Professional advisers

Key management personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2018/19:

Stella Flannery Principal and CEO; Accounting Officer
Andy Taylor; Strategic Director Financial and Physical Resources
Ciaran Graham; Associate Principal Ethos & Student Welfare
Graham Thompson; Associate Principal Curriculum

Governing Body

A full list of Governors is given on pages 18 to 20 of these financial statements.

Eleanor Lewis acted as Clerk to the Governing Body throughout the period.

Professional Advisers

Financial Statements and Regularity

Auditor:

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Bankers:

Allied Irish Bank
Direct Banking
P.O Box 73306
London
W5 9PB

Internal Auditors:

RSM Risk Assurance Services
25 Farringdon Street
London
EC4A 4AB

Solicitors:

Irwin Mitchell
40 Holborn Viaduct
London
EC1N 2PZ

St Francis Xavier 6th Form College

St Francis Xavier 6th Form College

Year Ended 31 July 2019

Statement of Corporate Governance and Internal Control

Corporate Governance

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

The College endeavours to conduct its business:

- i) in accordance with the seven principals identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii) having due regard to the UK Corporate Governance Code ("the Code") insofar as it is applicable to the further education sector.

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

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

St Francis Xavier 6th Form College

The Governing Body

The Governors who served on the Board during the year and up to the date of signature of this report were as follows:

| | <i>Date of appointment</i> | <i>Term of office</i> | <i>Date of resignation</i> | <i>Status of appointment</i> | <i>Committees Served</i> | <i>Full Board Attendance</i> |
|----------------|----------------------------|---------------------------------------|----------------------------|------------------------------|---|------------------------------|
| Ms S Bannister | 08/12/2016 | 2 years | 17/09/2018 | Parent Governor | | nil |
| Mr P Barber | 01/07/2000 | 4 years Re-appointed 19/09/2016 | | Foundation Governor | | 66% (2/3) |
| Mr M Belford | 10/06/2009 | 4 years Re-appointed 09/06/2017 | | Foundation Governor | Chair, Finance & Resources (F&R) Governance Vice-Chair of Governors | 66% (2/3) |
| Ms S Charles | 06/12/2018 | 1 academic year | 31/07/2019 | Student Governor | | 33% (1/3) |
| Mr S Ebele | 15/01/2018 | 4 years | | Foundation Governor | Curriculum Standards & Quality (CSQ) Audit | 66% (2/3) |
| Miss C Ezekwe | 24/06/2016 | 4 years | | Foundation Governor | Curriculum, Standards & Quality (CSQ) | 66% (2/3) |
| Mrs S Flannery | 01/09/2009 | Ex officio | | Principal | Finance & Resources (F&R) Curriculum Standards & Quality (CSQ) Governance | 100% (3/3) |
| Mr C Garvey | 08/06/2006 | 4 years Re-appointed 19/09/2016 | | Foundation Governor | Vice-Chair, Curriculum Standards & Quality (CSQ) Finance & Resources (F&R) Chair, Governance Remuneration. Chair of Governors from 1/08/2015 | 100% (3/3) |

St Francis Xavier 6th Form College

The Governing Body (continued)

| | <i>Date of appointment</i> | <i>Term of office</i> | <i>Date of resignation</i> | <i>Status of appointment</i> | <i>Committees Served</i> | <i>Full Board Attendance</i> |
|--------------------|----------------------------|---------------------------------------|----------------------------|-----------------------------------|---|------------------------------|
| Ms T Jebison | 06/12/2018 | 1 academic year | 31/07/2019 | Student Governor | | nil |
| Ms S Jones | 10/07/2006 | 4 years Re-appointed 11/07/2017 | | Co-opted Governor | Safeguarding Curriculum, Standards & Quality (CSQ) | 66% (2/3) |
| Mrs S Long | 09/12/2015 | 4 years | | Staff Governor (non-teaching) | | 66% (2/3) |
| Mrs B Meier | 21/12/2018 | 4 years | | Foundation Governor | Audit Curriculum Standards & Quality (CSQ) | 100% (2/2) |
| Mr J Opara | 01/04/1997 | 4 years Re-appointed 19/09/2016 | | Foundation Governor | Vice – chair, Finance & Resources (F&R) | 66% (2/3) |
| Fr G O'Shaughnessy | 03/02/2017 | 4 years | | Foundation Governor | Curriculum Standards & Quality (CSQ) | 66% (2/3) |
| Ms P Rowe | 08/12/2011 | 4 years Re-appointed 09/12/2015 | | Co-opted (LA nomination) Governor | Chair, Curriculum Standards & Quality (CSQ) Remuneration Governance | 100% (3/3) |
| Mr N Sheta | 17/05/2016 | 4 years | | Foundation Governors | Chair, Audit Chair, Remuneration Governance | 100% (3/3) |
| Mrs K Taylor | 21/12/2018 | 4 years | | Foundation Governor | Finance & Resources (F&R) Curriculum Standards & Quality (CSQ) | 100% (2/2) |

St Francis Xavier 6th Form College

The Governing Body (continued)

| | <i>Date of appointment</i> | <i>Term of office</i> | <i>Date of resignation</i> | <i>Status of appointment</i> | <i>Committees Served</i> | <i>Full Board Attendance</i> |
|---------------|----------------------------|---------------------------------------|----------------------------|------------------------------|--|------------------------------|
| Ms J Town | 14/12/2017 | 4 years | 31/05/2019 | Staff Governor (teaching) | Vice Chair, Finance & Resources (F&R) | 100% (2/2) |
| Mr R Vianello | 28/10/2010 | 4 years Re-appointed 28/10/2018 | | Foundation Governor | Vice Chair, Audit Curriculum Standards & Quality (CSQ) | 66% (2/3) |

Mrs E Lewis acts as Clerk to the Governing Body.

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

The Governing Body 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 Governing Body meets on a termly basis.

The Governing Body conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Governing Body. These committees are Audit, Finance and Resources (F&R), Remuneration, Curriculum Standards and Quality (CSQ), Governance and Appeals.

Full minutes of all meetings are available to download from the College website www.sfx.ac.uk or from the Clerk to the Governors at:

St Francis Xavier 6th Form College
10 Malwood Road
London
SW12 8EN

The Clerk to the Governing Body 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 Governors, who is responsible to the Governing Body for ensuring compliance with all applicable procedures and regulations. The appointment, evaluation and removal of the Clerk are matters for the Governing Body as a whole.

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

The Governing Body has a strong and independent non-executive element and no individual or group (although Foundation Governors are always in the majority by three governors) dominates its decision making process. The Governing Body 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 and Accounting Officer are separate.

St Francis Xavier 6th Form College

Appointments to the Governing Body

Any new appointments and re-appointments to the Board of Foundation Governors are a matter for the consideration of the Archbishop of Southwark. All administration is carried out by the Education Commission serving the Roman Catholic Archdiocese of Southwark. The Governing Body is responsible for ensuring that appropriate training is provided as required.

The Governors are appointed for a term of office not exceeding four years.

Corporation performance

Reflective self-evaluation for the year 2018/19 took place on 12th October 2019 at a focus morning for all Governors. At the direction of the Governing Body, the effectiveness of financial planning and internal control has been evaluated for 2018/19 using an FMCE Questionnaire template provided by the SFCA (Sixth Form College's Association) based on the pro-forma which had previously been an annual mandatory requirement of the funding body. That self-assessment exercise produced a 'Good' grade for financial management and control.

Remuneration Committee

Throughout the year ended 31 July 2019, the College's Remuneration Committee comprised three Governors. The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer the Clerk to the Governors and other senior post holders based on report and review of performance.

Details of senior post holders' remuneration for the year ended 31 July 2019 are set out in note 7 to the financial statements.

Audit Committee

The Audit Committee comprises a Chair and up to four other members with a minimum of three (the majority of whom should be members of the Governing Body). The committee operates in accordance with written terms of reference approved by the Governing Body.

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

The Audit Committee is guided by the agreed Board Assurance Framework in terms of the approach it takes to internal audit.

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

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

Based upon reports made to it, the Audit Committee monitors the adequacy and the effectiveness of the internal control system and reports to the Governing Body. The Audit Committee also advises the Governing Body on the appointment of internal, regularity and financial statements auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Governing Body.

St Francis Xavier 6th Form College

Internal Control

Scope of responsibility

The Governing Body 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, not absolute assurance, against material misstatement or loss.

The Governing Body 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 Conditions of Funding Agreement between St Francis Xavier 6th Form College and the ESFA. She is also responsible for reporting to the Governing Body 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 the agreed Board Assurance framework which is an ongoing process designed to identify and prioritise the risks to achievement of College policies, aims and objectives. It considers the likelihood of those risks being realised, impact should they be realised, and looks at ways to manage them efficiently, effectively and economically. The system of internal control has been in place in St Francis Xavier 6th Form College for the year ended 31 July 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Governing Body has reviewed the risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ended 31 July 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The risk and control framework

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

- ◆ comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Governing Body;
- ◆ regular reviews by the Governing Body of periodic and annual financial reports which indicate financial performance against forecasts;
- ◆ setting targets to measure financial and other performance;
- ◆ clearly defined capital investment control guidelines; and

St Francis Xavier 6th Form College

Internal Control (continued)

The risk and control framework (continued)

- ◆ the adoption of formal project management disciplines, where appropriate.

St Francis Xavier 6th Form College engages 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 an analysis of the risks to which the College is exposed, and annual internal audit plans are designed based on this analysis and the assurance framework agreed with the Governing Body. The analysis of risks and the internal audit plans are endorsed by the College's Governing Body on the advice and recommendation of the Audit Committee. As a minimum and on an annual basis, the Head of Internal Audit (HIA) provides the Governing Body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of internal control, risk management controls and governance processes and covers several of those risk and internal control areas which would formerly have been an integral part of overall assurance and the annual opinion of the audit service.

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; and
- ◆ comments made by the College's external auditors in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of the 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 management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from the internal auditors, 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 Governing Body's agenda includes a regular item for consideration of risk and control and receives reports therein from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its autumn term meeting on 5 December 2019 the Governing Body carried out the annual assessment for the year ended 31 July 2019 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2019.

Based on the advice of the Audit Committee and the Accounting Officer, the Governing Body 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 safeguarding of its assets*".

St Francis Xavier 6th Form College


Going Concern

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

The College is now undertaking the next stage of its staff restructuring process to reflect the reduction in funding due to lower than expected student recruitment in September 2019 as this will have a significant impact for 2020/21. The College will continue to monitor its financial health closely and has updated its financial plan accordingly. The College is currently planning for a primary marketing event in November 2019 and records indicate that registrations for that event are 30% higher than on the previous year.

Approved by order of the Governing Body on 5th December 2019 and signed on its behalf by:


C Garvey - Chair


S Flannery - Accounting Officer

St Francis Xavier 6th Form College

St Francis Xavier 6th Form College

Year Ended 31 July 2019

Statement of Regularity, Propriety and Compliance

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

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

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

Approved by order of the Governing Body on 5th December 2019 and signed on its behalf by:


C Garvey - Chair


S Flannery - Accounting Officer

St Francis Xavier 6th Form College

Year Ended 31 July 2019

Statement of Responsibilities of the Governing Body

The Governing Body is required to present audited financial statements for each financial year.

Within the terms and conditions of the College's funding agreement with the ESFA, the Governing Body, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the *2015 Statement of Recommended Practice – Accounting for Further and Higher Education* and with the *College Accounts Direction 2018 to 2019* issued by the ESFA, and which give a true and fair view of the state of affairs of the College and the result for that year.

In preparing the financial statements, the Governing Body is required to:

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

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

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

The maintenance and integrity of the College website is the responsibility of the Governing Body 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.

St Francis Xavier 6th Form College

St Francis Xavier 6th Form College

Year Ended 31 July 2019

Statement of Responsibilities of the Governing Body

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

Approved by order of the Governing Body on 5th December 2019 and signed on its behalf by:


C Garvey - Chair


S Flannery Accounting Officer

St Francis Xavier 6th Form College

Year Ended 31 July 2019

**Independent Auditor's Report to the Governing Body of St Francis
Xavier 6th Form College**

Opinion

We have audited the financial statements of St Francis Xavier 6th Form College (the 'parent college') and its subsidiary (the 'group') for the year ended 31 July 2019 which comprise the group and parent college statement of comprehensive income, the group and parent college statement of changes in reserves and balance sheets, the group statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 Governing Body's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governing Body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and the parent 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 Governing Body is responsible for the other information. The other information comprises the information included in the annual report, 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.

St Francis Xavier 6th Form College

Year Ended 31 July 2019

**Independent Auditor's Report to the Governing Body of St Francis
Xavier 6th Form College**

Other information (continued)

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 in relation to which the Post 16 Code of Practice issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the parent college; or
- the parent college financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Governing Body

As explained more fully in the statement of responsibilities of members of the Governing Body, the Governing Body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governing Body determines 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 Governing Body is responsible for assessing the group's and the parent 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 Governing Body either intends to liquidate the group or the parent college or to cease operations, or has 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

St Francis Xavier 6th Form College

St Francis Xavier 6th Form College

Year Ended 31 July 2019

Independent Auditor's Report to the Governing Body of St Francis Xavier 6th Form College

Use of our report

This report is made solely to the Governing Body, in accordance with the College's Articles of Government. Our audit work has been undertaken so that we might state to the Governing Body those matters we are required 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 college and the Governing Body, for our audit work, for this report, or for the opinions we have formed.



Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

13 December 2019

St Francis Xavier 6th Form College

Year Ended 31 July 2019

Reporting Accountant's Assurance Report on Regularity

To: The Governing Body of St Francis Xavier 6th Form College and the Secretary of State for Education acting through the Department for Education ("the Department")

In accordance with the terms of our engagement letter dated 26 September 2017, and further to the requirements of the funding agreement with Education and Skills Funding Agency, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by St Francis Xavier 6th Form College during the period 1 August 2018 to 31 July 2019 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

This report is made solely to the Governing Body of St Francis Xavier 6th Form College and the Department in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Governing Body of St Francis Xavier 6th Form College and the Department 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 Governing Body of St Francis Xavier 6th Form College and Department for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of St Francis Xavier 6th Form College and the reporting accountant

The Governing Body of St Francis Xavier 6th Form College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

Approach (continued)

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


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

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the College's activities;
- ◆ Further testing and review of self-assessment questionnaire including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2018 to 31 July 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.


Buzzacott LLP
Reporting Accountants
130 Wood Street
London
EC2V 6DL

13 December 2019

St Francis Xavier 6th Form College
Consolidated and College Statements of Comprehensive Income and Expenditure

| | | Year ended 31 July 2019 | | Year ended 31 July 2018 | |
|--|-------|-------------------------|-----------------|-------------------------|-----------------|
| | Notes | Group £000 | College £000 | Group £000 | College £000 |
| Income | | | | | |
| Funding body grants | 2 | 7,517 | 7,517 | 8,088 | 8,088 |
| Tuition fees and education contracts | 3 | 52 | 52 | 57 | 57 |
| Other income | 4 | 640 | 533 | 539 | 452 |
| Donations | 6 | 776 | 821 | - | 27 |
| Investment income | 5 | 11 | 11 | 5 | 5 |
| Total income | | 8,996 | 8,934 | 8,689 | 8,629 |
| Expenditure | | | | | |
| Staff costs | 7 | 6,410 | 6,374 | 6,715 | 6,689 |
| Other operating expenses | 8 | 2,029 | 2,003 | 1,868 | 1,834 |
| Depreciation | 10 | 527 | 527 | 513 | 513 |
| Total expenditure | | 8,966 | 8,904 | 9,096 | 9,036 |
| Surplus (deficit) before other gains and losses | | 30 | 30 | (407) | (407) |
| Surplus (deficit) before tax | | 30 | 30 | (407) | (407) |
| Taxation | 9 | - | - | - | - |
| Surplus (deficit) for the year | | 30 | 30 | (407) | (407) |
| Actuarial (loss) gain in respect of pensions scheme | 19 | (212) | (212) | 888 | 888 |
| Total comprehensive (expenditure) income for the year | | (182) | (182) | 481 | 481 |
| Represented by: | | | | | |
| Restricted comprehensive income | | - | - | - | - |
| Unrestricted comprehensive (expenditure) income | | (182) | (182) | 481 | 481 |

St Francis Xavier 6th Form College
Consolidated and College Statement of Changes in Reserves

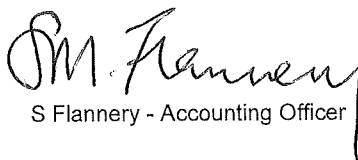
| | Restricted reserves | Income and expenditure account | Total |
|---|------------------------|--------------------------------------|---------------------|
| | £000 | £000 | £000 |
| Group | | | |
| Balance at 1 August 2017 | 1 | 8,485 | 8,486 |
| Deficit from the income and expenditure account | - | (407) | (407) |
| Other comprehensive income | - | 888 | 888 |
| | <u>-</u> | <u>481</u> | <u>481</u> |
| Balance at 31 July 2018 | 1 | 8,966 | 8,967 |
| Surplus from the income and expenditure account | - | 30 | 30 |
| Other comprehensive expenditure | - | (212) | (212) |
| Total comprehensive expenditure for the year | <u>-</u> | <u>(182)</u> | <u>(182)</u> |
| Balance at 31 July 2019 | <u><u>1</u></u> | <u><u>8,784</u></u> | <u><u>8,785</u></u> |
| College | | | |
| Balance at 1 August 2017 | 1 | 8,485 | 8,486 |
| Deficit from the income and expenditure account | - | (407) | (407) |
| Other comprehensive income | - | 888 | 888 |
| | <u>-</u> | <u>481</u> | <u>481</u> |
| Balance at 31 July 2018 | 1 | 8,966 | 8,967 |
| Surplus from the income and expenditure account | - | 30 | 30 |
| Other comprehensive expenditure | - | (212) | (212) |
| Total comprehensive expenditure for the year | <u>-</u> | <u>(182)</u> | <u>(182)</u> |
| Balance at 31 July 2019 | <u><u>1</u></u> | <u><u>8,784</u></u> | <u><u>8,785</u></u> |

St Francis Xavier 6th Form College
Consolidated and College Balance Sheets as at 31 July 2019

| | Notes | Group | College | Group | College |
|--|-------|---------------|---------------|---------------|---------------|
| | | 2019 £000 | 2019 £000 | 2018 £000 | 2018 £000 |
| Non current assets | | | | | |
| Tangible fixed assets | 10 | 14,094 | 14,094 | 13,967 | 13,967 |
| | | 14,094 | 14,094 | 13,967 | 13,967 |
| Current assets | | | | | |
| Trade and other receivables | 12 | 282 | 356 | 391 | 438 |
| Short term deposits | | 1,089 | 1,089 | 813 | 813 |
| Cash and cash equivalents | | 1,799 | 1,711 | 1,440 | 1,386 |
| | | 3,170 | 3,156 | 2,644 | 2,637 |
| Creditors – amounts falling due within one year | 13 | (611) | (597) | (543) | (536) |
| Net current assets | | 2,559 | 2,559 | 2,101 | 2,101 |
| Total assets less current liabilities | | 16,653 | 16,653 | 16,068 | 16,068 |
| Creditors: amounts falling due after one year | 14 | (4,194) | (4,194) | (4,087) | (4,087) |
| Provisions | | | | | |
| Defined benefit obligations | 15 | (3,664) | (3,664) | (3,005) | (3,005) |
| Other provisions | 15 | (10) | (10) | (9) | (9) |
| Total Net Assets | | 8,785 | 8,785 | 8,967 | 8,967 |
| Restricted Reserves | | 1 | 1 | 1 | 1 |
| Unrestricted Reserves | | | | | |
| Income and expenditure account | | 8,784 | 8,784 | 8,966 | 8,966 |
| Total Reserves | | 8,785 | 8,785 | 8,967 | 8,967 |

The financial statements on pages 33 to 54 were approved by the Governing Body on 5th December 2019


C Garvey - Chair


S Flannery - Accounting Officer

St Francis Xavier 6th Form College
Consolidated Statement of Cash Flows

| | Notes | Group 2019 £'000 | Group 2018 £'000 |
|--|-------|------------------------|------------------------|
| Cash flow from operating activities | | | |
| Surplus (deficit) for the year | | 30 | (407) |
| Adjustment for non-cash items | | | |
| Depreciation | | 527 | 513 |
| Decrease (increase) in debtors | | 109 | (29) |
| Increase in creditors due within one year | | 92 | 131 |
| Increase in creditors due after one year | | 188 | 30 |
| Increase (decrease) in provisions | | 1 | (1) |
| Pension costs less contributions payable | | 376 | 332 |
| Net interest cost on pension scheme | | 77 | 92 |
| Adjustment for investing or financing activities | | | |
| Investment income | | (11) | (5) |
| Interest payable | | - | 4 |
| Net cash inflow from operating activities | | <u>1,389</u> | <u>660</u> |
| Cash flows from investing activities | | | |
| Investment income | | 11 | 5 |
| Payments made to acquire fixed assets | | <u>(765)</u> | <u>(333)</u> |
| | | (754) | (328) |
| Cash flows from financing activities | | | |
| Interest paid | | - | (4) |
| Repayments of amounts borrowed | | <u>-</u> | <u>(105)</u> |
| | | - | (109) |
| Increase in cash and cash equivalents in the year | | <u>635</u> | <u>223</u> |
| Cash and cash equivalents at beginning of the year | 16 | 2,253 | 2,030 |
| Cash and cash equivalents at end of the year | 16 | 2,888 | 2,253 |

St Francis Xavier 6th Form College
Year Ended 31 July 2019
Notes to the Financial Statements

1 Accounting Policies

Statement of accounting policies

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

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2015* (the 2015 FE HE SORP), the *College Accounts Direction for 2018 to 2019* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiary, SFX Corporate Services Limited (Company registration number 09413077). 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. All financial statements are made up to 31 July 2019.

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

Going Concern

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

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.

St Francis Xavier 6th Form College
Year Ended 31 July 2019
Notes to the Financial Statements

Recognition of income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102.

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the adult learner responsive funding element is normally adjusted for in year and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of November following the year end. 16-18 learner-responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments.

Income from grants, contracts and other services rendered is included to the extent the conditions of the funding have been met or the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

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.

Capital grant funding

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102.

Other, non-governmental, capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

Fee income

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors.

St Francis Xavier 6th Form College
Year Ended 31 July 2019
Notes to the Financial Statements

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

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

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

Local Government Pension Scheme (LGPS)

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

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

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

Enhanced Pensions

The actual cost of any enhanced ongoing 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 ongoing pension of a former member of staff is charged in full to the College's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Non-current assets – Tangible fixed assets

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

St Francis Xavier 6th Form College

Year Ended 31 July 2019

Notes to the Financial Statements

Non-current assets – Tangible fixed assets (continued)

Land and buildings

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated over their expected useful economic life to the College of between 20 and 50 years. The related grants are credited to a deferred income account with creditors, and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Subsequent expenditure on existing fixed assets

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

Land and buildings owned by third parties

Where the College enjoys the use of an asset which it does not own and for which no rental or a nominal rental is paid, if practicable, a value is attributed to this benefit and capitalised, with a corresponding credit to the general reserve for the land element and deferred capital grants for the building element which are subsequently released to the income and expenditure account over the useful economic life of the asset at the same rate as the depreciation charge on the related assets.

Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

Equipment is depreciated over its useful economic life as follows:

| | |
|---|---------------------|
| Furniture, catering equipment, office equipment | 10% per year |
| General education equipment | 12% per year |
| Audio-visual equipment, major building adaptation | 12% to 20% per year |
| Computer and ancillary equipment | 33% per year |

Assets under construction

Assets under construction are capitalised at cost but are not depreciated until they are brought into use, at which point they are transferred to the appropriate asset class and depreciated at the applicable rate.

St Francis Xavier 6th Form College
Year Ended 31 July 2019
Notes to the Financial Statements

Prepayment construction costs

Construction costs are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are transferred from debtors to fixed assets when they are brought in to use and then depreciated.

Borrowing costs

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

Leased assets

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

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Financial liabilities and equity

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

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

St Francis Xavier 6th Form College
Year Ended 31 July 2019
Notes to the Financial Statements

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College receives no similar exemption in respect of Value Added Tax.

Provisions and contingent liabilities

Provisions are recognised when

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

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income 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.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- ◆ Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- ◆ Determine whether there are indicators of impairment of the College's tangible fixed 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.

St Francis Xavier 6th Form College

Year Ended 31 July 2019

Notes to the Financial Statements

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 18, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

St Francis Xavier 6th Form College
Year Ended 31 July 2019
Notes to the Financial Statements

2 Funding body grants

| | Year ended 31 July | | Year ended 31 July | |
|---|--------------------|--------------|--------------------|--------------|
| | 2019 | 2019 | 2018 | 2018 |
| | Group | College | Group | College |
| | £000 | £000 | £000 | £000 |
| Recurrent grants | | | | |
| Education and Skills Funding Agency - 16-18 | 7,181 | 7,181 | 7,810 | 7,810 |
| SEN Funding | 82 | 82 | 137 | 137 |
| Specific grants | | | | |
| Releases of government capital grants | 254 | 254 | 141 | 141 |
| | 7,517 | 7,517 | 8,088 | 8,088 |

3 Tuition Fees and Education Contracts

| | Year ended 31 July | | Year ended 31 July | |
|----------------------|--------------------|-----------|--------------------|-----------|
| | 2019 | 2019 | 2018 | 2018 |
| | Group | College | Group | College |
| | £000 | £000 | £000 | £000 |
| Adult education fees | 52 | 52 | 57 | 57 |
| | 52 | 52 | 57 | 57 |

4 Other Income

| | Year ended 31 July | | Year ended 31 July | |
|------------------------------------|--------------------|------------|--------------------|------------|
| | 2019 | 2019 | 2018 | 2018 |
| | Group | College | Group | College |
| | £000 | £000 | £000 | £000 |
| Other income generating activities | 376 | 269 | 320 | 233 |
| Other grant income | 264 | 264 | 219 | 219 |
| | 640 | 533 | 539 | 452 |

5 Investment Income

| | Year ended 31 July | | Year ended 31 July | |
|--------------------------|--------------------|-----------|--------------------|----------|
| | 2019 | 2019 | 2018 | 2018 |
| | Group | College | Group | College |
| | £000 | £000 | £000 | £000 |
| Bank interest receivable | 11 | 11 | 5 | 5 |
| | 11 | 11 | 5 | 5 |

6 Donations

| | Year ended 31 July | | Year ended 31 July | |
|--|--------------------|------------|--------------------|-----------|
| | 2019 | 2019 | 2018 | 2018 |
| | Group | College | Group | College |
| | £000 | £000 | £000 | £000 |
| Gift-aided donation from trading subsidiary | - | 45 | - | 27 |
| Other donations - one-off donation from Archdiocese of Southwark | 776 | 776 | - | - |
| | 776 | 821 | - | 27 |

St Francis Xavier 6th Form College
Year Ended 31 July 2019
Notes to the Financial Statements

7 Staff Costs - Group and College

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

| | 2019 Number | 2018 Number |
|--------------------|----------------|----------------|
| Teaching staff | 66 | 66 |
| Non teaching staff | 45 | 53 |
| | <u>111</u> | <u>119</u> |

Staff costs for the above persons:

| | Year ended 31 July | | Year ended 31 July | |
|---|-----------------------|-------------------------|-----------------------|-------------------------|
| | 2019 Group £000 | 2019 College £000 | 2018 Group £000 | 2018 College £000 |
| Wages and salaries | 4,686 | 4,650 | 5,027 | 5,001 |
| Social security costs | 582 | 582 | 606 | 606 |
| Other pension costs (note 18) | 1,031 | 1,031 | 1,011 | 1,011 |
| Payroll sub total | 6,299 | 6,263 | 6,644 | 6,618 |
| Severance payments - contractual | 6 | 6 | - | - |
| - non-contractual | 105 | 105 | 71 | 71 |
| Total staff costs | 6,410 | 6,374 | 6,715 | 6,689 |

Severance payments made in the year were approved by the Governing Body.

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, the Associate Principals and the Strategic Director.

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

| | 2019 No. | 2018 No. |
|--|-------------|-------------|
| The number of key management personnel including the Accounting Officer was: | <u>4</u> | <u>4</u> |

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

| | Key management personnel | | Other Staff | |
|------------------------|--------------------------|-------------|-------------|-------------|
| | 2019 No. | 2018 No. | 2019 No. | 2018 No. |
| £ 60,001 to £ 65,000 | - | - | 2 | 2 |
| £ 70,001 to £ 75,000 | 1 | 2 | 1 | 1 |
| £ 75,001 to £ 80,000 | 1 | 1 | - | - |
| £ 90,001 to £ 95,000 | 1 | - | - | - |
| £ 135,001 to £ 140,000 | - | 1 | - | - |
| £ 140,001 to £ 145,000 | 1 | - | - | - |
| | <u>4</u> | <u>4</u> | <u>3</u> | <u>3</u> |

St Francis Xavier 6th Form College
Year Ended 31 July 2019
Notes to the Financial Statements

7 Staff Costs - Group and College (continued)

Key management personnel emoluments are made up as follows:

| | 2019 | 2018 |
|-------------------------|-------------------|-------------------|
| | £000 | £000 |
| Salaries | 377 | 356 |
| National Insurance | 47 | 45 |
| Benefits in kind | 4 | 3 |
| | <u>428</u> | <u>404</u> |
| Pension contributions | 62 | 59 |
| Total emoluments | <u>490</u> | <u>463</u> |

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

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

| | 2019 | 2018 |
|-----------------------|-------------|-------------|
| | £000 | £000 |
| Salary | 138 | 133 |
| Benefits in kind | 4 | 3 |
| | <u>142</u> | <u>136</u> |
| Pension contributions | <u>23</u> | <u>22</u> |

The pension contributions in respect of the Accounting Officer and key management personnel are in respect of employer's contributions to the Teachers' Pension Scheme and the Local Government Pension Scheme and are paid at the same rate as for other employees.

The Governing Body other than the Accounting Officer and the staff governors did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

Key management personnel, including the Accounting Officer and other higher paid staff received around a 1% pay increase as agreed by the Remuneration Committee. No bonuses or other salary enhancements were awarded to senior post holders or other higher paid staff.

The governing body has adopted AoC's Senior Staff Remuneration Code in July 2019 and will assess pay in line with its principles in future.

The Governing Body works to an agreed process of reviewing the remuneration of senior post holders based on review against agreed performance targets. The Remuneration Committee receives reports directly from the Chair of Governors who, together with one other foundation governor, undertakes a formal, documented annual performance (appraisal) review with the two senior post holders (Principal and the Clerk to the Governors). The Remuneration Committee evaluates the performance reviews and agrees recommendations to be made, via the Chair of the Finance & Resources Committee to the full Governing Body, for any changes in remuneration based on performance and benchmarked workforce surveys, published compiled by relevant membership organisations e.g. SFCA; AoC. The principles of fairness, independence, justification and transparency are delivered through the agreed procedure and reporting process.

Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple:

| | |
|---|------|
| Principal and CEO's basic salary as a multiple of the median of all staff | 4.05 |
| Principal and CEO's total remuneration as a multiple of the median of all staff | 4.52 |

St Francis Xavier 6th Form College
Year Ended 31 July 2019
Notes to the Financial Statements

8 Other Operating Expenses

| | 2019 Group £'000 | 2019 College £'000 | 2018 Group £'000 | 2018 College £'000 |
|---------------------------------|------------------------|--------------------------|------------------------|--------------------------|
| Teaching costs | 486 | 486 | 400 | 400 |
| Non teaching costs | 1,026 | 1,000 | 1,107 | 1,073 |
| Premises costs | 440 | 440 | 269 | 269 |
| Pension finance costs (note 18) | 77 | 77 | 92 | 92 |
| Total | 2,029 | 2,003 | 1,868 | 1,834 |

Other operating expenses include:

| | 2019 £000 | 2018 £000 |
|---|--------------|--------------|
| Auditors' remuneration: | | |
| - financial statements audit (including regularity and TPA audit) * | 20 | 19 |
| - internal audit ** | 6 | 7 |
| - other services | 2 | 2 |
| Operating leases | 30 | 27 |

* includes £18,000 in respect of the College (2017/18 £17,000)

** includes £6,000 in respect of the College (2017/18 £7,000)

9 Taxation - Group only

| | 2019 £'000 | 2018 £'000 |
|--|---------------|---------------|
| United Kingdom corporation tax at 19 per cent | - | - |
| Provision for deferred corporation tax in the accounts of the subsidiary company | - | - |
| Total | - | - |

St Francis Xavier 6th Form College
Year Ended 31 July 2019
Notes to the Financial Statements

10 Tangible Fixed Assets (Group and College)

| | Land and Buildings | | | | | |
|------------------------------------|--------------------|----------------|----------------------|--------------|---------------------------|---------------|
| | Freehold | Long Leasehold | Owned by third party | Equipment | Assets under construction | Total |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Cost | | | | | | |
| At 1 August 2018 | 11,024 | 16 | 7,000 | 2,838 | 111 | 20,989 |
| Additions | 444 | - | - | 210 | - | 654 |
| Disposals | (5) | - | - | (80) | - | (85) |
| Transfers | 111 | - | - | - | (111) | - |
| At 31 July 2019 | 11,574 | 16 | 7,000 | 2,968 | - | 21,558 |
| Depreciation | | | | | | |
| At 1 August 2018 | 3,371 | 15 | 1,170 | 2,466 | - | 7,022 |
| Charge for year | 279 | 1 | 65 | 182 | - | 527 |
| Eliminated in respect of disposals | (5) | - | - | (80) | - | (85) |
| At 31 July 2019 | 3,645 | 16 | 1,235 | 2,568 | - | 7,464 |
| Net book value | | | | | | |
| At 31 July 2019 | 7,929 | - | 5,765 | 400 | - | 14,094 |
| Net book value | | | | | | |
| At 31 July 2018 | 7,653 | 1 | 5,830 | 372 | 111 | 13,967 |

Freehold and long leasehold land and buildings

Land and buildings were valued in 1996 at depreciated replacement cost by a firm of independent chartered surveyors. Other tangible fixed assets inherited from the LEA at incorporation have been valued by the College on a depreciated replacement cost basis with the assistance of independent professional advice.

Land and buildings owned by a third party

Land and buildings owned by the Diocese of Southwark were valued on a depreciated replacement cost basis as at 1 April 2001 by a firm of independent chartered surveyors.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were valued at the aforementioned dates, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

St Francis Xavier 6th Form College
Year Ended 31 July 2019
Notes to the Financial Statements

11 Non current Investments

| | 2019 | 2018 |
|--|------|------|
| | £1 | £1 |

Investments in subsidiary company

The College owns 100 per cent of the issued ordinary £1 shares in SFX Corporate Services Limited, which was incorporated on 29 January 2015 in England and Wales (company registration number: 09413077). The principal activity of SFX Corporate Services Limited is that of a service company.

12 Trade and other receivables

| | Group 2019 £'000 | College 2019 £'000 | Group 2018 £'000 | College 2018 £'000 |
|--|------------------------|--------------------------|------------------------|--------------------------|
| Amounts falling due within one year | | | | |
| Trade receivables | 16 | 9 | 47 | 40 |
| Amounts owed by subsidiary undertaking | - | 82 | - | 54 |
| Prepayments and accrued income | 266 | 265 | 344 | 344 |
| | 282 | 356 | 391 | 438 |

13 Creditors: Amounts Falling Due Within One Year

| | Group 2019 £'000 | College 2019 £'000 | Group 2018 £'000 | College 2018 £'000 |
|---|------------------------|--------------------------|------------------------|--------------------------|
| Payments received in advance | 97 | 90 | 90 | 90 |
| Trade creditors | 49 | 49 | 101 | 101 |
| Other creditors | 9 | 9 | 4 | 4 |
| Accruals | 144 | 137 | 131 | 124 |
| Deferred income - government revenue grants | 95 | 95 | - | - |
| Deferred income - government capital grants | 217 | 217 | 217 | 217 |
| | 611 | 597 | 543 | 536 |

14 Creditors: Amounts Falling Due After More Than One Year

| | Group 2019 £'000 | College 2019 £'000 | Group 2018 £'000 | College 2018 £'000 |
|---|------------------------|--------------------------|------------------------|--------------------------|
| Deferred income - government capital grants | 4,194 | 4,194 | 4,087 | 4,087 |
| | 4,194 | 4,194 | 4,087 | 4,087 |

St Francis Xavier 6th Form College
Year Ended 31 July 2019
Notes to the Financial Statements

15 Provisions (Group and College)

| | Defined benefit obligations £000 | Enhanced pensions £000 | Total £000 |
|---------------------------|---|------------------------------|----------------|
| At 1 August 2018 | (3,005) | (9) | (3,014) |
| Expenditure in the period | (858) | (1) | (859) |
| Additions in the period | 199 | - | 199 |
| At 31 July 2019 | <u>(3,664)</u> | <u>(10)</u> | <u>(3,674)</u> |

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

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.

16 Cash and cash equivalents (Group)

| | At 1 August 2018 £'000 | Cash flows £'000 | At 31 July 2019 £'000 |
|---------------------------|------------------------------|---------------------|-----------------------------|
| Cash and cash equivalents | 2,253 | 635 | 2,888 |
| Total | <u>2,253</u> | <u>635</u> | <u>2,888</u> |

17 Capital and other commitments

| | Group and College | |
|---------------------------------------|-------------------|---------------|
| | 2019 £'000 | 2018 £'000 |
| Commitments contracted for at 31 July | - | 293 |
| | <u>-</u> | <u>293</u> |

The commitments in the prior year related to planned roof repairs, which were completed in the year ended 31 July 2019.

18 Lease Obligations

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

| | Group and College | |
|---|-------------------|---------------|
| | 2019 £'000 | 2018 £'000 |
| Future minimum lease payments due | | |
| Land and Buildings | | |
| Not later than one year | 15 | 15 |
| Later than one year and not later than five years | 19 | 34 |
| Later than five years | - | - |
| | <u>34</u> | <u>49</u> |

St Francis Xavier 6th Form College
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19 Pension and similar obligations

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

| Total pension cost for the year | 2019 £000 | 2018 £000 |
|---|----------------------|----------------------|
| Teachers Pension Scheme: contributions paid | 460 | 484 |
| Local Government Pension Scheme: | | |
| Contributions paid | 199 | 189 |
| FRS102 (28) charge | 372 | 338 |
| Charge to the General Reserve (Staff costs) | 571 | 527 |
| Total pension cost for the year | 1,031 | 1,011 |

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

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

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

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

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

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

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (DfE) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196 billion, giving a notional past service deficit of £22 billion.

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

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

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Notes to the Financial Statements

19 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

The pension costs paid to TPS in the year amounted to £460,000 (2018: £484,000).

FRS 102 (28)

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2019 was £271,000 (2018 - £271,000) of which employers' contributions totalled £190,000 (2018 - £189,000) and employees' contributions totalled £82,000 (2018 - £82,000). The agreed contribution rates are 15.15% from April 2017, for employers and 5.5% - 8.5% for employees.

Principle Actuarial Assumptions

The following information is based upon a full actuarial valuation of the Fund at 31 March 2016 updated to 31 July 2019 by a qualified independent actuary.

| | At 31 July 2019 | At 31 July 2018 |
|--|-----------------|-----------------|
| Inflation assumption (RPI) | 3.35% | 3.35% |
| Inflation assumption (CPI) | 2.35% | 2.35% |
| Rate of increase in salaries | 3.85% | 3.85% |
| Rate of increase for pensions in payment/inflation | 2.35% | 2.35% |
| Discount rate for liabilities | 2.10% | 2.65% |

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations at retirement age 65 are:

| | At 31 July 2019 | At 31 July 2018 |
|--------------------|-----------------|-----------------|
| Current pensioners | | |
| . Males | 20.1 | 21.1 |
| . Females | 23.3 | 24.2 |
| Future pensioners | | |
| . Males | 21.9 | 23.5 |
| . Females | 25.2 | 26.5 |

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

| | Approximate increase / (decrease) to to defined benefit obligation (%) | Approximate monetary amount £000 |
|---|---|---|
| Discount rate -0.1% | 2.1 | 241 |
| Discount rate +0.1% | (2.1) | (235) |
| Long term salary increase -0.1% | (0.3) | (31) |
| Long term salary increase +0.1% | 0.3 | 31 |
| Pensions increases and deferred revaluation -0.1% | (1.8) | (204) |
| Pensions increases and deferred revaluation +0.1% | 1.8 | 208 |
| Life expectancy assumptions -1 year | (3.4) | (383) |
| Life expectancy assumptions +1 year | 3.5 | 397 |

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19 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

The College's assets in the scheme were:

| | Value at 31 July 2019 £000 | Value at 31 July 2018 £000 |
|-------------------------------------|----------------------------------|----------------------------------|
| Equities | 4,145 | 4,141 |
| Target Return Portfolio | 1,932 | 1,512 |
| Infrastructure | 436 | 340 |
| Property | 693 | 524 |
| Cash | 401 | 313 |
| Total Market Value of assets | 7,607 | 6,830 |

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

| | Year ended 31 July 2019 £000 | Year ended 31 July 2018 £000 |
|-------------------------------------|------------------------------------|------------------------------------|
| Estimated employer assets | 7,607 | 6,830 |
| Present value of scheme liabilities | (11,271) | (9,835) |
| Net pensions liability | (3,664) | (3,005) |

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

| | 2019 £000 | 2018 £000 |
|--|--------------|--------------|
| Amounts included in staff costs | | |
| Current service costs | 560 | 513 |
| Total | 560 | 513 |

Amounts included in investment income

| | | |
|---------------------|-----------|-------------|
| Net interest income | 77 | (92) |
| | 77 | (92) |

Amount recognised in Other Comprehensive Income

| | | |
|---|--------------|------------|
| Return on pension plan assets | 498 | 214 |
| Other actuarial gains on assets | - | - |
| Changes in assumptions underlying the present value of plan liabilities | (1,276) | 674 |
| Changes in demographic assumptions | 566 | - |
| Experience gain on defined benefit obligation | - | - |
| Amount recognised in Other Comprehensive Income | (212) | 888 |

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19 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

| | 2019 | 2018 |
|---|----------------|----------------|
| | £000 | £000 |
| Movement in net defined liability during year | | |
| Net defined liability in scheme at 1 August 2018 | (3,005) | (3,469) |
| Movement in year: | | |
| Current service cost | (560) | (513) |
| Employer contributions | 199 | 189 |
| Net interest on the defined liability | (77) | (92) |
| Administration expenses | (9) | (8) |
| Amount recognised in other comprehensive income | (212) | 888 |
| Net defined liability in scheme at 31 July 2019 | (3,664) | (3,005) |

Asset and Liability Reconciliation

| | 2019 | 2018 |
|--|---------------|--------------|
| | £000 | £000 |
| Changes in the present value of defined benefit obligations | | |
| Defined benefit obligation at 1 August 2018 | 9,835 | 9,781 |
| Current service cost | 463 | 496 |
| Interest cost | 259 | 264 |
| Past service costs, including curtailments | 97 | 17 |
| Contributions by Scheme participants | 83 | 82 |
| Changes in financial assumptions | 1,276 | (674) |
| Changes in demographic assumptions | (566) | - |
| Experience gain on defined benefit obligation | - | - |
| Estimated benefits paid | (176) | (131) |
| Defined benefit obligation at 31 July 2019 | 11,271 | 9,835 |

| | 2019 | 2018 |
|--|--------------|--------------|
| | £000 | £000 |
| Reconciliation of assets | | |
| Changes in fair value of plan assets at 1 August 2018 | 6,830 | 6,312 |
| Interest on plan assets | 182 | 172 |
| Return on plan assets | 498 | 214 |
| Other actuarial gains on assets | - | - |
| Administration expenses | (9) | (8) |
| Employer contributions | 199 | 189 |
| Contributions by Scheme participants | 83 | 82 |
| Estimated benefits paid | (176) | (131) |
| Changes in fair value of plan assets at 31 July 2019 | 7,607 | 6,830 |

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20 Related Party Transactions

Owing to the nature of the College's operations and the composition of the Governing Body 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 Governing Body may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

The total expenses paid to or on behalf of the Governors during the year was £354 (2018 : £nil)
For 2019 this represented travel and subsistence expenses and other out of pocket expenses incurred in attending Governors meetings or charity events in their official capacity.

No Governor received any remuneration or waived payments from the College or its subsidiary during the year (2018: none).