

Sussex
Coast
College
Hastings

Sussex Coast College Hastings

For the year ended 31 July 2017

Key Management Personnel, Board of Governors and Professional advisers

Key management personnel

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

Clive Cooke - Principal and CEO; Accounting officer
Biram Desai - Vice Principal Corporate Services
Dan Shelley - Vice Principal Enterprise, Employment and Skills
James Sharpe - Vice Principal Curriculum and Quality

Principal Place of Business

Sussex Coast College Hastings
Station Plaza
Station Approach
Hastings
East Sussex
TN34 1BA

Board of Governors

A full list of Governors is given on pages 14 and 15 of these financial statements.

Mrs S Connerty acted as Clerk to the Corporation throughout the period.

Professional advisers

Financial statements auditor and regularity reporting accountants:	MAZARS LLP Times House, Throwley Way, Sutton, Surrey, SM1 4JQ
Internal auditors	RSM UK 2 nd floor, Springpark House, Basing View, Basingstoke, RG21 4HG
Solicitors	Veale Wasbrough Vizards LLP Barnards Inn, 86 Fetter Lane, London, EC4A 1AD
Bankers	Barclays Bank plc, Business Banking, Level 28, 1 Churchill Place, London, E14 5HP

Members' report and financial statements

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Corporation Members' Report

Operating and Financial Review

NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statements for the year ended 31 July 2017.

Legal status

The Corporation of Sussex Coast College Hastings was established under the Further and Higher Education Act 1992 and is an exempt charity for the purposes of the Charities Act 1993 as amended by the Charities Act 2011. The College's former name was Hastings College of Arts and Technology and the name was changed from 30th March 2008.

Vision and Mission

The College's vision and mission are reviewed annually.

- The vision is : "Inspiring futures: Changing lives"
- The mission is "Everything we do at Sussex Coast College Hastings is to ensure that our students become qualified, find jobs, keep them and progress in their lives and careers."

Public Benefit

Sussex Coast College Hastings is an exempt charity under the Part 3 of the Charities Act 2011 and from 9th November 2016 is regulated by the Secretary of State for Education as Principal Regulator for all FE Corporations in England (previously Secretary of State for Business, Innovation and Skills). The members of the Governing Body, who are trustees of the charity, are disclosed on pages 14 and 15. In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit. In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

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

Implementation of strategic plan

The current interim strategic plan covers the period 2015-18 and the Corporation monitors the performance of the College against this plan. The College's strategic aims are:

1. To secure Station Plaza, Ore Valley and the AITC as financially resilient learning centres that meet the needs of local people and employers in Hastings, Rother and Sussex.
2. To provide outstanding and good skills provision that is in high demand from the local and regional community and meets national priorities.

The College's specific objectives for 2016-17 and achievement of these objectives is addressed below:

- Work in partnership with Sussex Downs College on areas of joint working and explore the development of a group structure given both corporations' intent to merge
- Ensure the college maximises any opportunities for sustainable financial growth to offset reductions in core funding
- Ensure the college continues to improve value for money from public funding
- Develop a curriculum offer that provides pathways from foundation to higher level technical and professional skills in areas that meet local, regional and South East LEP priorities.
- Deliver outstanding and good learning, assessment and teaching for students at all levels.
- Deliver outcomes for our students that are improving and are either good or outstanding.

Financial objectives

The College continues to work in partnership with Sussex Downs College. In particular the joint project known as Sussex Skills Solutions has had an encouraging first year with its innovative approach to the delivery of apprenticeships and employer focused skills training in the South East.

A Feasibility Study report has been completed by KPMG regarding the development of a collaborative approach to better meet local and regional education and skills needs and future proof both Colleges. Furthermore an application to the Transaction Unit is now being developed. The work of the Transaction Unit (part of the ESFA) includes assessing and challenging college restructuring plans that arise from area reviews, and making loans and investment decisions utilising funds from the national restructuring facility.

The College has opened a new University Centre on the 5th floor at Station Plaza, which continues the education led regeneration of Hastings and enables opportunities for new and existing progressing students with a range of degree programmes in an exciting new facility.

This set of accounts delivers Satisfactory Financial Health for 2016-17 in line with the latest Education and Skills Funding Agency financial health methodology, which became effective from 2015-16. The College reported Satisfactory Financial Health under the same methodology last year.

Other Financial Objectives include:

- a) Providing financial and non-financial returns on time and in the agreed format.
- b) Ensuring all returns requiring certification by auditors are unqualified.
- c) Providing advice, guidance and training to staff, management and governors on funding, funding methodologies, budgeting and the College's financial position.
- d) Providing adequate information to ensure that staff, management and governors are kept up to date with the financial position of the College.
- e) Generating sufficient funds to ensure that the College can invest in the new technologies and equipment required to support learning programmes and College administration.
- f) Generating sufficient funds to ensure that the College's specified programme of planned maintenance can be undertaken.
- g) Ensure adequate procedures are in place to protect assets from loss, theft and neglect.

These objectives are consistent with and support the interim strategic plan.

Performance indicators

Learner Number growth and achievement of funding targets:

The College achieved 103% of its funding allocation for 16-18 learners and achieved 102% of its Adult Skills Budget (Classroom).

Learner Success rates:

The College achieved a headline timely success rate of 82.0% in 2016-17, an increase on the previous year which recorded 79.1% %.

Headline timely success rates for 16-18 for 2016-17 stands at 77.3% compared to 79.9% in the previous year, whilst headline timely success rates for 19+ for 2016-17 stand at 85.4% compared to 77.8% in the previous year.

Teacher qualifications:

The College requires all teaching staff, whether established or sessional, to be appropriately qualified. The policy for unqualified staff joining the College in a teaching role is to support them in the achievement of a Post-Graduate Certificate in Education (PGCE) within two years of commencing work with the College.

Employer engagement:

The College focuses on employer engagement and tailors educational provision to meet employer needs. One of the main increases in funding going forwards is in relation to Apprenticeships. The College views this area as vital for the UK economy and skills for the future. It therefore continues to focus on achieving growth in this area, with growth in the internal delivery of apprenticeships, but a significant proportion of the allocation is delivered via our sub-contract partners.

The College works with many local employers providing Apprenticeships, Advanced Apprenticeships and customised bespoke training. Links with local businesses are strong and the College continues to successfully host the Lets Do Business seminar which attracts some 100 employers from the local area.

Commercial activities continue to form a small but important part of the overall plan to deal with potential reductions in, and hence reliance on, grant funding. The College and its subsidiary company, Plaza Trading Hastings Limited („the Group”), continue to operate outlets such as a Subway franchise, coffee shops and an Art Shop, raising revenue and giving work opportunities to students.

The College continued to use a number of partners to deliver funding streams during 2016-17, with the focus on retaining those high quality partners from the previous year who had demonstrated the best academic and financial performance. The highest standards of due diligence and controls over delivery continue to be applied.

Financial position

The Group generated an operating deficit before other gains /(losses) in the year of (£543k) (2015/16 loss £90k).

Included in the final result is a charge of £682k in respect of accounting for pensions (see note 8 and 10).

On 31 July 2017 the College's general reserve stood at £3,099k (2015/16 £1,090k). The bank and cash balances totalled £889k (2015/16 £595k).

Tangible fixed asset additions during the year amounted to £711k.

The College has maintained its reliance on the Education and Skills Funding Agency for its principal funding source at 74% of total income for both 2015/16 and 2016/17.

The College continues to operate a wholly owned limited company subsidiary called Plaza Trading Hastings Limited which was incorporated in August 2011. These accounts have been prepared on a consolidated basis.

Treasury policies and objectives

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

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. Such arrangements were restricted by limits in the Financial Memorandum with the ESFA until 1 April 2012. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum with the ESFA.

Creditors payment policy

It is the College's policy to pay all of its suppliers within 30 days (or per other agreed credit terms) of the later of the date of supplier invoice or supply of goods or services, provided that the College is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions of a proper authorised purchase order. The College does not follow any code or standard on payment practice, but does strive to adhere to the Government guidelines whenever possible.

Taxation

The College's trading activities within Plaza Trading Hastings Limited are eligible to be charged to Corporation tax but no charge is applicable for 2016-17 as the company had no taxable profits.

Cash flows

Operating cash flow was a £1,665k inflow (2015/16: £603k inflow) for the year.

Liquidity

The College's commitments to the building of the new College and some commercial investment mean that residual loans of £7.031m (2016: £7.568m) are outstanding at the year end. Of this total, loans outstanding on commercial activities with an educational focus total £0.157m.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Reserves Policy

The College has no formal Reserves Policy, but recognises the importance of reserves in the financial stability of an organisation, whilst ensuring that adequate resources are provided for the College's core business. The College currently holds no restricted reserves. As at the balance sheet date, the Income and Expenditure account reserve, before taking account of the net pension liability element, stands at £10,191k (2016: £10,024k). It is the Corporation's intention to increase reserves over the life of the Strategic Plan, by the generation of annual operating surpluses.

Curriculum developments

The Common Inspection Framework was published by Ofsted in August 2015 and looks primarily at four key areas

- a) Effectiveness of Leadership and Management.
- b) Quality of Teaching, Learning and Assessment.
- c) Personal development, behaviour and welfare.
- d) Outcomes for learners.

The new framework continues to place particular emphasis on the participation and attainment of 16-18 year olds in English and maths. The College received a "Good" grade for Overall effectiveness in the January 2014 Ofsted inspection.

The College self-assessment is currently on-going, with a provisional overall effectiveness grade of "good" for academic year 16/17.

16-18 learners at the College for 2016-17 achieved an overall achievement rate of 88.0, an improvement of 8.2% on the previous academic year and 9.3% above the 2014-15 national rate. The overall College achievement rate increased to 90.8 %, from 80.9% in 15/16.

The College continues to successfully increase the number of learners in key target groups, for example in hard to reach and NEET learners. The provision of appropriate English and Maths learning for 16-18 year olds continues to be extended year on year, with Functional skills (entry level to level 3) for 16-18 year olds currently at 20% above 2014-15 national averages.

Growth also continues in delivering against the key government apprenticeship agenda, with 433 new 16-18 apprenticeships and 1,882 new adult apprenticeships delivered during the year. Sub-contract partners continued to deliver volume and high quality apprenticeships in a range of disciplines. Success rates for apprenticeships remain above national rates, with timely success of 62.6% (to date) against a 60.0% 2015-16 national average.

Curriculum planning and development continues to be informed by close analysis of local and national priorities together with the need to continue to improve the efficiency of delivery. The 2017-18 offer continues to provide opportunities at advanced level while further expanding provision at lower and intermediate levels and apprenticeship learning. Planned average group sizes for 2017-18 are 18.

Events after the balance sheet date

The management team continues to deliver against opportunities arising from closer collaboration with Sussex Downs College, in particular in relation to a potential merger and obtaining support from the Transaction Unit (which is part of the ESFA and focused on delivering recommendations from the Area Review process). A designate CEO and Chair of Corporation have been appointed, with the intention that a merger will take place at the end of March 2018.

The College has opened a new University Centre on the 5th floor at the Station Plaza Hastings campus. As previously noted, this continues the education led regeneration of Hastings and enables opportunities for new and existing progressing students with a range of degree programmes in an exciting new facility.

Future developments

The College continues to focus on a student first culture whilst enhancing cash generation, achieving value for money and delivering benchmark efficiency in all its operations. Work has commenced on the Business Planning Cycle for 2018-19, and in particular the Curriculum Strategy, which must meet the challenges of the next few years in the diverse disciplines in which the College operates. The management team continue to closely monitor local, national and international updates from a variety of sources including funding bodies, government departments, FE sector experts, audit firms, the media etc.

RESOURCES

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

Tangible fixed asset additions in the year amounted to £711k (2015-16: £432k)

Financial

The College has £3.1 million of net assets (incorporating a £7.1 million pension liability) (2015-16: £1.1m incorporating a £8.9m pension liability).

People

The College employs 322 people (expressed as full time equivalents), of whom 160 are teaching staff (2015-16: 301 people of whom 163 were teaching staff).

Reputation

The College continues to strive to build upon its recent successes in improving its reputation locally and nationally. Achieving and maintaining a quality brand is essential for the College's success at attracting students and developing external relationships, as well as maximising the value realised from the investment in new buildings.

PRINCIPAL RISKS AND UNCERTAINTIES:

The College has embedded a system of internal controls, including financial, operational and risk management which is designed to protect the College's assets and reputation. The College operates an online system for recording and reporting Risk which formalises this process across all the areas of the College.

The system comprises a strategic risk register with 26 key risks. The register is reviewed and updated by risk owners right across the College with electronic date prompts. The register assists the College in documenting the identification of 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.

High, Medium and Low Level Concerns are summarised on the KPI Dashboard presented to Corporation. Outlined below is a description of the principal risk factors that may affect the College, and which are reported as scoring 20 or over in net risk score. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

1. Increased competition reduces student numbers and income

The College must remain vigilant to the increasing competition in the local area from new post-16 providers, which includes school 6th forms and private training providers. This increased competition is compounded by demographic changes which is seeing a reduction in the number of 16-18 year olds in East Sussex over the next few years.

This risk is mitigated in a number of ways:

- Improved marketing materials and investment in social media
- Revision of the 16-18 course offer to better meet local need and demand
- Expansion of School liaison activities
- Expanding the catchment area via online learning
- A series of Open Evenings that showcase the College and curriculum.

2. Changes in government funding or policy not foreseen or acted upon

The Further Education sector remains subject to a rapidly changing environment and it is vital that these changes to funding and policy are understood, and mitigating actions implemented. For example, the introduction of the Apprenticeship Levy is a significant change where routes of funding are directed to employers, who take more ownership of skills.

This risk is mitigated in a number of ways:

- Develop a three year curriculum strategy that includes study programmes, apprenticeships, and loan provision
- Subscription to key sector update publications from the AoC, ESFA and other sector bodies
- Proactive approach to attending sector update seminars, conferences and workshops
- Regular briefings to key management staff.

3. Failure to improve English & Maths participation and success rates (Functional skills and GCSE)

The delivery of English & Maths remains a condition of funding and represents a challenge in operational terms, as it encompasses a significant proportion of our learners being timetabled across the year. Given the challenges that students have faced in achieving these qualifications at school, there remains a risk that without specific measures and intervention the pattern of outcomes would continue, with a subsequent impact on success rates overall.

This risk is mitigated in a number of ways:

- All students are registered to take exams or assessments by June
- Additional observations and visits scheduled
- Re-focus of curriculum management in English & Maths areas

4. Failure to sustain and improve overall success rates

The college continues to focus on this area of high priority. The wide ranging criteria against which learning outcomes are evaluated, such as valued added, English and Maths and progression provides a challenge to the college in operational terms. However, the risk of failing to meet these key metrics may influence the college's attainment of its overall retention and achievement targets.

This risk is mitigated in a number of ways:

- Accurate and rigorous self-assessment processes undertaken
- Enhanced attendance and monitoring reports reviewed weekly
- Robust and regular monitoring of learner retention and achievement at course team, departmental and whole college level.

5. Failure to improve A Level achievement rates

The college is committed to ensuring that its A Level provision remains an attractive option for students in the local area. In light of increased competition, the college must focus efforts on maintaining and enhancing its reputation as an A level provider by improving achievement rates and thus mitigate the risk of falling student numbers and poor inspection outcomes.

This risk is mitigated in a number of ways:

- Ensuring student progress is tracked throughout the year with targeted interventions
- Regular training of college staff to maintain quality of teaching and learning.
- Additional observations scheduled

6. Failure to improve level 3 value added

The college continues to focus on this area of national priority by embedding value added within its curriculum planning and delivery. Failure to deliver value added effectively risks inspection outcomes and progression opportunities for students.

This risk is mitigated in a number of ways:

- Training on value added for staff
- Regular briefing to key management and curriculum staff
- Robust monitoring of curriculum plans and delivery

7. Failure to improve retention, achievement and progression for adults

Poor retention, achievement and progression can negatively impact on inspection outcomes and future funding allocations.

This risk is mitigated in a number of ways:

- Regular tracking of student progress
- Training for staff on teaching and assessment practices.

STAKEHOLDER RELATIONSHIPS

In line with other Colleges and with universities, Sussex Coast College Hastings has many stakeholders. These include:

- Students
- Funding agencies
- Staff
- Local employers (with specific links)
- Local Authorities
- Government Offices/ Local Enterprise Partnerships
- The local community
- Other FE institutions
- Trade unions
- Professional bodies.

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

The Vertical Education Partnership is an agreement between the College, University of Brighton (UoB) and two UoB sponsored secondary academies that focuses upon working more closely together for the good of educational outcomes for young people, their parents and the wider local population in general. We are focused upon improving:

- Information, Advice and Guidance (IAG) and support to encourage young people to continue in education
- The quality of Teaching and Learning with joint CPD and other training initiatives
- Pathways to develop educational pathways from entry to Higher Education.

Equality, Diversity and Inclusion

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, able-bodiedness, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis. The College's Equal Opportunities Policy, including its Race Equality, Gender Equality and Disability Equality, are published on the College's internet site.

The College is an agreed Disability Symbol User (Two Ticks) and we shortlist all applications from disabled persons who meet the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues.

An annual confidential review is offered to each person with a disability to discuss the support they receive, the progress of their condition and if necessary make changes in the support. The individual has a choice of who carries out this review: their line manager or an adviser from Human Resources. The College's policy is to provide training, career development and opportunities for promotion which are, as far as possible, identical to those for other employees. An equalities plan is published each year and monitored by managers and governors.

The College implemented a Single Equality Scheme in advance of the Public Equality Duty which became law in April 2011.

Disability statement

The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Acts 2001 and 2005:

- a. The new capital build programme which delivered the buildings at Station Plaza and Ore Valley are fully compliant with all relevant legislation.
- b. There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the learning centre.
- c. The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- d. 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.
- e. Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
- f. Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

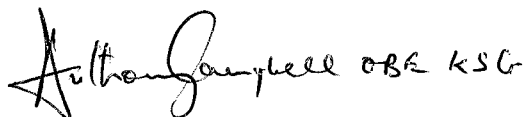
Staff and student involvement

The College holds the Investor in People accreditation. Termly staff development days and other events are held to ensure effective communication with staff on College strategy and direction. Students attend course boards and focus groups to provide feedback on curriculum to the College. Formal systems are in place to collect student views and deliver them to the Corporation and executive management of the College. Staff and students are represented on the Corporation.

Disclosure of Information to Auditor

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

Approved by order of the members of the Corporation on 7th December 2017 and signed on its behalf by:



Tony Campbell OBE KSG FRSA
Chairman

Statement of Corporate Governance and Internal Control

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

The College endeavours to conduct its business:

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

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the board has complied with the Foundation Code and adopted for 2016-17 The Code of Good Governance for English Colleges. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the Further Education Sector and best practice.

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31st July 2017. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities it takes full account of the Code issued by the Association of Colleges in March 2015, which was adopted by the College on 27th April 2016.

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

The Corporation

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

Name	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees served	Individual attendance
Tony Campbell OBE KSG FRSA <i>Chairman from April 2013</i>	07.07.10 (CT) 06.07.14	Four years (term of office as Chair :two years)	n/a	External	Curriculum, Quality and Standards (CQS) (Ex-officio (EO)) Finance & HR (F&HR) (: EO) Remuneration (Rem) (EO Chair)) Governance (Gov) (EO)	87%

Name	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees served	Individual attendance
Steve Baldry	19.10.16	One year		External (co-opted)	CQS	100%
Patrick Farmer <i>Vice Chairman from April 2013</i>	27.3.02 Current term (CT)26.3.14	Four years (term of office as Vice Chair: two years)	n/a	External	FHR (Chair) CQS Rem	95%
Clive Cooke	26.03.12	n/a (ex officio)	n/a	Ex officio (Principal)	All Committees (EO) except Audit, Special and Rem	100%
Roger Dennard	01.06.98 (CT) 24.6.16	One year	n/a	External (co-opted)	Audit	100%
Paul Evans	22.9.10. (CT) 24.06.16	One year	n/a	External (co-opted)	F&HR	40%
Dr Diana Garnham	04.12.16	Four years	n/a	External	CQS Rem Gov	70%
James Harris	10.12.14	Four years	Resigned 14.3.17	External		50%
Graham How	20.03.13 CT 21.03.16	Four years	n/a	External	Gov	90%
Simon Hubbard	02.05.12 (CT)02.05.16	Four years	n/a	External	CQS	100%
Vic Kempner	3.2.06 (CT) 2.2.14	Four years	n/a	External	Audit CQS SGD (Chair) Special (Chair)	96%
Ken Melsom MBE JP	1.10.89 (CT) 06.07.16	One year	n/a	External (co-opted)	F&HR	40%
Derek Stevens	04.07.12 (CT) 04.07.16	Four years	n/a	External	Audit (Chair)	100%
Caroline McKiddie	29.16.15 (CT) 29.06.16	Four years	n/a	External	CQS	90%
Susan Walton	14.03.2012 (CT) 14.03.16	Four years	n/a	External	F&HR	80%
Karen Cunnington	11.02.16	Staff	n/a	Staff (teaching)	Audit	100%
Debbie Baldock-Apps	07.10.15	Staff Staff		Staff (support) Staff (support)		100%
Tsungai Mujera	31.07.16	One year	31.07.17	Student Governor	All committees	100%

Governance Framework

Sarah Connerty was appointed as Director of Governance to the Corporation with effect from 10th September 2013.

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

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

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation, and which are reviewed annually. These committees are: Audit; Curriculum, Quality and Standards; Finance and Human Resources; Remuneration; Governance ; and Special.

The number of meetings of the Corporation and its committees during the year to 31 July 2017 were: Corporation (5); Audit (3), CQS (4), FHR(5), Governance (3), together with a number of meetings attended by individual governors. Overall governor attendance for 2016-17 was in line with target at 90%. The Governance Committee is responsible for monitoring individual governor attendance.

The Corporation self-assesses its performance annually and provides an assessment on its own effectiveness. The Governance Committee is responsible for oversight and analysis of Corporation self-assessments. Each Committee is responsible for annually reviewing its terms of reference and monitoring its performance against these criteria.

Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Director of Governance at: sconnerty@sussexcoast.ac.uk or:

Sarah Connerty, Sussex Coast College Hastings, Station Plaza, Station Approach, Hastings, East Sussex, TN34 1BA.

The Director of Governance maintains a register of financial and personal interests of the members. The register is available for inspection at the above address.

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

Formal agendas, papers and reports are supplied to members seven days prior to Board meetings. Briefings are also provided on an ad-hoc basis.

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

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

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Governance Committee comprising five members which is responsible for the selection and nomination of any new member (save the staff and student governors, and Accounting Officer) for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate induction and ongoing training is provided as required. Members of the Corporation are appointed for a term of office not exceeding four years.

Remuneration Committee

Throughout the year ending 31 July 2017, the College's Remuneration Committee comprised three members. The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior post-holders. Details of remuneration for the year ended 31 July 2017 are set out in note 7 to the financial statements.

Audit Committee

The Audit Committee comprises five members of the Corporation (who exclude the Accounting Officer, Chair and members of the Finance & Human Resources Committee). The Committee operates in accordance with written terms of reference approved by the Corporation and consistent with the Audit Code of Practice. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's system of internal control and its arrangements for risk management, control and governance processes.

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal, regularity and financial statement auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the Education and Skills Funding Agency, as they affect the College's business.

The College's internal auditors monitor 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 internal audit undertake periodic follow up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Corporation on the appointment of internal, regularity and financial statements auditors and their remuneration for both audit and non-audit work.

Internal Control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to them in the Financial Memorandum between the College and the Skills Funding Agency. They are also responsible for reporting to the Corporation any material weaknesses or break-downs in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Sussex Coast College Hastings for the year ended 31 July 2017 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

The risk and control framework

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

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

The College has an internal audit service, which operates in accordance with requirements of the ESFA Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee.

Review of effectiveness

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

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

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

The Senior Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Leadership Team and Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

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

Going Concern

The College has made an assessment of the appropriateness of the going concern basis for the preparation of financial statements, taking into account operational profits, capital investment plans and loan arrangements.

The College faces challenges similar to most other colleges in the Further Education sector including falling demographics, introduction of the Apprenticeship Levy, other funding volatility, and increases in pension costs and the minimum wage. The College has been an active participant in the Area Review programme which seeks to deliver more sustainable long term finances for the sector, and is exploring working more closely with Sussex Downs College, another General Further Education College in East Sussex.

The College has long term loan facilities agreed with their finance providers totalling £7.0m. These loans are repayable over a 20 year period. The College also has an overdraft facility of £1.25m. The College has prepared cash flow forecasts for the period to 31 July 20120 and on the basis of these forecasts the College has concluded that it can continue to operate within the terms of the agreed facilities for the foreseeable future.

In the absence of material uncertainties related to events or conditions that cast significant doubt on the ability of the College to continue as a going concern and because the Corporation considers that College has adequate resources to continue in operational existence for the foreseeable future, the College continues to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Corporation on 7th December 2017 and signed on its behalf by:



Tony Campbell OBE KSG FRSA
Chairman



Clive Cooke
Accounting Officer

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

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

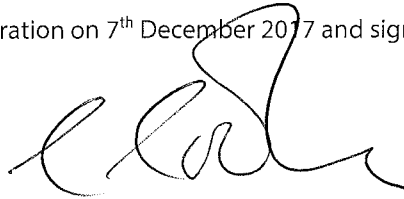
We confirm, on behalf of the Corporation, that after due enquiry, and to the best of our knowledge, we were not able to identify any other material irregular or improper use of funds by the College, or material non-compliance with the Skills Funding Agency's terms and conditions of funding under the College's financial memorandum.

We further confirm that any instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the Skills Funding Agency. If any instances are identified after the date of this statement, these will be notified to the Skills Funding Agency.

Approved by order of the members of the Corporation on 7th December 2017 and signed on its behalf by:



Tony Campbell OBE KSG FRSA
Chairman



Clive Cooke
Accounting Officer

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the Financial Memorandum between the Skills Funding Agency and the Corporation of the College, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the *2016 Statement of Recommended Practice – Accounting for Further and Higher Education* and with the *College Accounts Direction 2016 to 2017* issued by the Education and Skills Funding Agency, and which give a true and fair view of the state of affairs of the College and the result for that year.

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

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

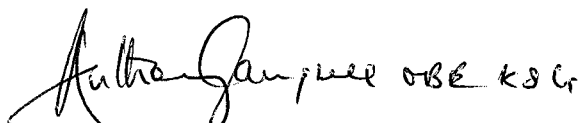
The Corporation is also required to prepare a Members Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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

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

Members of the Corporation are responsible for ensuring that 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 Skills Funding Agency are used only in accordance with the Financial Memorandum with the Skills Funding Agency and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the Skills Funding Agency are not put at risk.

Approved by order of the members of the Corporation on 7th December 2017 and signed on its behalf by:



Tony Campbell OBE KSG FRSA

Chairman

Independent auditor's report to the Members of the Corporation of Sussex Coast College Hastings

Opinion

We have audited the financial statements of Sussex Coast College Hastings ("the College") for the year ended 31 July 2017 which comprise the Consolidated and College Statements of Comprehensive Income, the Consolidated and College Statements of Changes in Reserves, the Consolidated and College Balance Sheets, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The Corporation are 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.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- the information given in the Statement of Responsibilities of the Members of the Corporation, including the operating and financial review and statement of corporate governance, is inconsistent with the financial statements; and
- we have not received all the information and explanations we require for our audit.

Responsibilities of Corporation

As explained more fully in the Statement of Responsibilities of the Member of the Corporation set out on page 21, the Corporation are 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 corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. This report is made solely to the Corporation as a body, in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation 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 Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

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.

Mazars LLP

Mazars LLP

Chartered Accountants and Statutory Auditor

Times House, Throwley Way, Sutton, Surrey, SM1 4JQ.

Date: 18 December 2017

To: The corporation of Sussex Coast College Hastings and Secretary of State for Education acting through the Department for Education ("the Department")

In accordance with the terms of our engagement letter and further to the requirements of the funding agreement with the 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 Sussex Coast College Hastings during the period 1 August 2016 to 31 July 2017 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 corporation of Sussex Coast College Hastings and the Department in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of Sussex Coast College Hastings and the Department those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the corporation of Sussex Coast College Hastings and the Department for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Sussex Coast College Hastings and the reporting accountant

The corporation of Sussex Coast College Hastings 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 2016 to 31 July 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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.

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:

- Reviewed the statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding.
- Reviewed the College's completed self-assessment questionnaire on regularity.
- Read the financial memorandum with the SFA/ funding agreement with the EFA.
- Tested a sample of expenditure disbursed and income received to consider whether they have been applied to purposes intended by Parliament and in accordance with funding agreements where relevant.
- Reviewed all payments to senior post holders on termination of employment or in respect of claims made in the year
- Reviewed approved policies and procedures operating during the year for each funding stream that has specific terms attached
- Obtained the policy for personal gifts and/or hospitality.
- Obtained the register of personal interests.
- Obtained the financial regulations/financial procedures.
- Obtained the College's whistleblowing policy.

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 2016 to 31 July 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Signed:

Mazars LLP

Mazars LLP
Times House
Throwley Way
Sutton
Surrey
SM1 4JQ

Date: *18 December 2017*

Sussex Coast College, Hastings
Consolidated and College Statements of Comprehensive Income
For the year ended 31 July 2017

	Notes	Year Ended 31 July 2017		Year Ended 31 July 2016	
		Group £'000	College £'000	Group £'000	College £'000
INCOME					
Funding body grants	2	17,649	17,649	16,557	16,557
Tuition fees and education contracts	3	4,243	4,243	4,148	4,148
Other grants	4	131	131	40	40
Other income	5	1,949	1,461	1,604	1,058
Investment income	6	1	1	1	1
Total income		23,973	23,485	22,350	21,804
EXPENDITURE					
Staff costs	7	11,809	11,593	10,356	10,153
Other operating expenses	9	10,184	9,906	9,297	8,962
Depreciation	12	2,179	2,157	2,358	2,329
Interest and other finance costs	10	345	345	424	424
Total expenditure		24,517	24,001	22,435	21,868
Deficit before other gains and losses		(544)	(516)	(85)	(64)
Gain/(Loss) on disposal of assets		1	1	(5)	(5)
Deficit before tax		(543)	(515)	(90)	(69)
Taxation	11	-	-	-	-
Deficit for the year		(543)	(515)	(90)	(69)
Actuarial gain/(loss) in respect of defined benefit pension schemes	21	2,524	2,524	(801)	(801)
Other comprehensive income for the year		2,524	2,524	(801)	(801)
Total comprehensive income for the year		1,981	2,009	(891)	(870)

Sussex Coast College, Hastings
Consolidated and College Statement of Changes in Reserves
For the year ended 31 July 2017

	Income & exp account £'000
Group	
Balance at 1 August 2015	<u>1,805</u>
Deficit from I&E	(90)
Other comprehensive income:	-
Acturial loss on defined benefit pension scheme	<u>(801)</u>
Total comprehensive income for the year	(891)
Balance at 31st July 2016	<u>914</u>
Period ended 31 July 2017:	
Deficit from I&E	(543)
Other comprehensive income:	
Acturial gain on defined benefit pension scheme	<u>2,524</u>
Total comprehensive income for the year	1,981
Balance at 31 July 2017	<u><u>2,895</u></u>

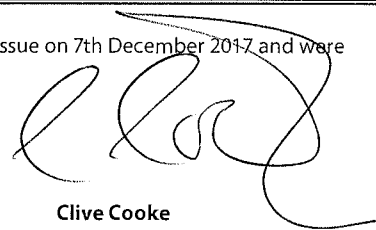
	Income & exp account £'000
College	
Balance at 1 August 2015	<u>1,960</u>
Deficit from I&E	(69)
Other comprehensive income:	
Acturial loss on defined benefit pension scheme	<u>(801)</u>
Total comprehensive income for the year	(870)
Balance at 31st July 2016	<u>1,090</u>
Period ended 31 July 2017:	
Deficit from I&E	(515)
Other comprehensive income:	
Acturial gain on defined benefit pension scheme	<u>2,524</u>
Total comprehensive income for the year	2,009
Balance at 31 July 2017	<u><u>3,099</u></u>

Sussex Coast College, Hastings
Consolidated and College Balance Sheets as at 31 July 2017

	Notes	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Fixed Assets					
Tangible fixed assets	12	89,769	89,681	91,237	91,127
Total Fixed Assets		89,769	89,681	91,237	91,127
Current assets					
Stocks	14	35	26	26	20
Debtors	15	1,584	1,873	2,125	2,409
Cash at bank and in hand		889	849	595	557
Total current assets		2,508	2,748	2,746	2,986
Less: Creditors – amounts falling due within one year	16	(5,117)	(5,065)	(5,210)	(5,164)
Net current liabilities		(2,609)	(2,317)	(2,464)	(2,178)
Total assets less current liabilities		87,160	87,364	88,773	88,949
Less: Creditors – amounts falling due after more than one year	17	(76,514)	(76,514)	(78,375)	(78,375)
Less: Provisions for liabilities	18	(659)	(659)	(550)	(550)
Net assets excluding pension liability		9,987	10,191	9,848	10,024
Net pension liability	21	(7,092)	(7,092)	(8,934)	(8,934)
NET ASSETS		2,895	3,099	914	1,090
Reserves					
Income and expenditure account		2,895	3,099	914	1,090
TOTAL RESERVES		2,895	3,099	914	1,090

The financial statements on pages 27 to 50 were approved by the Corporation and authorised for issue on 7th December 2017 and were signed on its behalf on that date by:


 Tony Campbell OBE KSG FRSA
 Chair


 Clive Cooke
 Accounting Officer

Sussex Coast College, Hastings
Consolidated Statement of Cash Flows
For the year ended 31 July 2017

	2017	2016
	£'000	£'000
Cash flow from operating activities		
Deficit after tax for the year	(543)	(90)
Adjustment for non-cash items:		
Depreciation	2,179	2,358
(Increase)/decrease in stocks	(9)	12
Decrease/ (increase) in debtors	541	(845)
Increase in creditors	122	138
Pensions costs less contributions payable	682	542
Release of government deferred capital grants	(1,539)	(1,662)
Adjustment for investing or financing activities:		
Interest receivable	(1)	(1)
Increase in provision	109	-
Interest payable	125	146
(Profit)/ Loss on disposal of tangible asset	(1)	5
Net cash flows from operating activities	<u>1,665</u>	<u>603</u>
Cash flows from investing activities		
Payments made to acquire fixed assets	(711)	(432)
Proceeds from sale of fixed assets	1	10
Interest received	1	1
Net cash generated from investing activities	<u>(709)</u>	<u>(421)</u>
Cash flows from financing activities		
Interest paid	(125)	(146)
Repayments of bank loans	(537)	(365)
Net cash flow from financing activities	<u>(662)</u>	<u>(511)</u>
Net increase/(decrease) in cash and cash equivalents in the year	<u>294</u>	<u>(329)</u>
Cash and cash equivalents at beginning of year	595	924
Cash and cash equivalents at end of year	<u><u>889</u></u>	<u><u>595</u></u>

Notes

(forming part of the financial statements)

1 Accounting policies

General information

Sussex Coast College, Hastings is a corporation established under the Further and Higher Education Act 1992 as an English general college of further education. The address of the College's principal place of business is given on page 2. The nature of the College's operations are set out in the Members' Report.

Basis of accounting

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP), the College Accounts Direction for 2016 to 2017 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102) under the historical cost convention. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

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

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiary, Plaza Trading Hastings Limited. 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. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2017.

All intra-group transactions, balances and unrealised gains on transactions between group entities are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used into line with those used by other members of the Group.

Going Concern

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

The College has long term loan facilities agreed with its finance providers totalling £7.0m. These loans are repayable over a 20 year period. The College also has an overdraft facility of £1.25m. The College has prepared cash flow forecasts for the period to 31 July 2020 and on the basis of these forecasts the College has concluded that it can continue to operate within the terms of the agreed facilities for the foreseeable future.

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

Notes (continued)

1 Statement of accounting policies (continued)

Recognition of Income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Any under achievement of the adult skills budget allocation outside of the permitted tolerance level is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of November following the year end. This process may involve negotiations in respect of over achievement or adjustment to clawback in respect of underachievement, however where negotiations are subsequent to the year end, they are not reflected in the income recognised. 16-18 learner-responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments, the income recognised is the allocation for the year.

Other discrete Skills Funding Agency (SFA) and Education Funding Agency (EFA) funds received during the year are taken to income as expenditure is incurred in line with the specific terms and conditions attached to each fund by the organisations.

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

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

Where the College receives and disburses funds in which it has no direct beneficial interest, such funds are excluded from the income and expenditure account on the grounds that the College does not have direct control over the future economic benefits derived from these funds.

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

Income from tuition fees is recognised in the period for which it is receivable and includes all fees payable by students or their sponsors, for example the National Health Service.

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned on a receivable basis.

Accounting for post-retirement benefits

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS), which are multi-employer defined benefit plans.

The TPS is an unfunded pension scheme and contributions 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 quinquennial valuations using a projected unit method. As stated in Note 21, the TPS is a multi employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as an expense in the Statement of Comprehensive Income in the periods during which services are rendered by employees. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Notes (continued)

1 Statement of accounting policies (continued)

The LGPS is a funded scheme and the assets are held separately from those of the College in separate trustee administered funds. Pension scheme assets are measured using closing fair values and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on 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. The net interest cost on the net defined benefit liability is charged to comprehensive income and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Short term employment benefits

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

Non-current Assets – Tangible fixed assets

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

Land and buildings

Freehold land is not depreciated. Each freehold building is depreciated on a straight-line basis over the estimated useful life to the College (currently up to sixty years for some buildings). Building improvements are depreciated over a 3 or 10-year period.

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

Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of the costs of those assets. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable. Shortfalls between the carrying value of the fixed assets and their recoverable amounts, are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income.

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 meets certain criteria, in which case it is capitalised and depreciated on the relevant basis.

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.

Notes (continued)

1 Statement of accounting policies (continued)

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

Computer equipment	-	3 years
Motor vehicles and general equipment	-	5 years
Furniture and fittings	-	7 years
Short Life accommodation	-	10 years
Plant	-	15 years

Leased assets

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

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 of the capital element outstanding.

Investments

Fixed asset endowment investments are carried at valuation on the basis of depreciated replacement cost. The building concerned is depreciated on a straight line basis over its estimate useful life.

Current asset investments, which may include listed investments, are stated at the lower of their cost and net realisable value.

Stocks

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

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 instruments legal form.

All loans, investments and short term deposits held by the Group as 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 costs, however the Group has calculated that the difference between 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.

Notes (continued)

1 Statement of accounting policies (continued)

Provisions

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.

Cash and cash equivalents

Cash includes cash in hand, deposits which have a maturity of less than three months and overdrafts. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Foreign currency translation

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

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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 is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The College's subsidiary company is subject to corporation tax and VAT in the same way as any commercial organisation

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future, calculated at the rates at which it is expected that tax will arise.

Notes (continued)

1 Statement of accounting policies (continued)

Agency arrangements

The College acts as an agent in the collection and payment of Discretionary Learner Support Funds. Related income received from the Main Funding Body and subsequent disbursements to students and other further education colleges are excluded from the income and expenditure account (and are shown separately in note 28), except for the 5% of the grant received which is available to the College to cover administration costs relating to the grant.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

- *Provision for Compulsory Purchase Order for land at Ore Valley*

A provision has been held in the balance sheet for £550,000 since the inception of the new capital build in 2010, in relation to a compulsory purchase order (CPO) of land at Ore Valley. The land was acquired with an existing electricity sub-station, and following a number of government changes, the Department for Business, Innovation and Skills settled the total CPO liability at £659,000 with the electricity company during 2015-16. The CPO was in relation to a number of plots of land and the final liability for the College is yet to be determined, negotiations are on-going with the Department for Business, Energy and Industrial Strategy. For this reason, the liability is now held in the balance sheet at £659,000, but will be subject to the finalisation of negotiations.

Sussex Coast College, Hastings
Notes to the Accounts (continued)
For the year ended 31 July 2017

2 Funding body grants

	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent grants				
Education and Skills Funding Agency - Adult	1,941	1,941	1,941	1,941
Education and Skills Funding Agency - 16-18	8,619	8,619	8,060	8,060
Education and Skills Funding Agency - apprenticeships	5,479	5,479	4,902	4,902
Higher Education Funding Council recurrent grant	111	111	100	100
Specific grants				
Skills Funding Agency non recurrent grant	58	58	-	-
Releases of deferred government capital grants	1,441	1,441	1,554	1,554
	<u>17,649</u>	<u>17,649</u>	<u>16,557</u>	<u>16,557</u>
Total	<u>17,649</u>	<u>17,649</u>	<u>16,557</u>	<u>16,557</u>

3 Tuition fees and education contracts

	2017	2017	2016	2016
	£'000	£'000	£'000	£'000
Tuition fees	3,167	3,167	3,478	3,478
Education contracts	1,076	1,076	670	670
	<u>4,243</u>	<u>4,243</u>	<u>4,148</u>	<u>4,148</u>
Total	<u>4,243</u>	<u>4,243</u>	<u>4,148</u>	<u>4,148</u>

4 Other grants and contracts

	2017	2017	2016	2016
	£'000	£'000	£'000	£'000
Erasmus	131	131	-	-
Non-funding body government grants	-	-	40	40
	<u>131</u>	<u>131</u>	<u>40</u>	<u>40</u>
Total	<u>131</u>	<u>131</u>	<u>40</u>	<u>40</u>

5 Other income

	2017	2017	2016	2016
	£'000	£'000	£'000	£'000
Catering operations	868	368	847	338
Other income	983	995	649	612
Release of non-funding body government deferred capital grants	98	98	108	108
	<u>1,949</u>	<u>1,461</u>	<u>1,604</u>	<u>1,058</u>
Total	<u>1,949</u>	<u>1,461</u>	<u>1,604</u>	<u>1,058</u>

6 Investment income

	2017	2017	2016	2016
	£'000	£'000	£'000	£'000
Other interest receivable	1	1	1	1
	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

Sussex Coast College, Hastings
Notes to the Accounts (continued)
For the year ended 31 July 2017

7 Staff numbers and costs

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

	2017	2016
	No.	No.
Teaching staff	160	163
Non teaching staff	162	138
	<u>322</u>	<u>301</u>

Staff costs for the above persons

	2017	2016
	£'000	£'000
Wages and salaries	9,142	8,362
Social security costs	726	580
Other pension costs (including defined benefit pension scheme adjustments of £462,000 – (2016: £264,000))	1,659	1,329
	<u>11,527</u>	<u>10,271</u>
Payroll sub total		
Contracted out staffing services	218	41
	<u>11,745</u>	<u>10,312</u>
Restructuring costs - Contractual	64	44
Restructuring costs - Non-Contractual	-	-
	<u>11,809</u>	<u>10,356</u>

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 Senior Leadership Team which comprises the Principal, Vice Principal Corporate Resources, Vice Principal Enterprise, Employment and Skills and Vice Principal Curriculum and Quality.

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

	Key Management Personnel		Other Staff	
	2017	2016	2017	2016
	No.	No.	No.	No.
£60,001 to £70,000	-	-	1	2
£70,001 to £80,000	1	-	-	-
£80,001 to £90,000	2	2	-	-
£90,001 to £100,000	-	1	-	-
£100,001 to £140,000	-	-	-	-
£140,001 to £150,000	-	1	-	-
£160,001 to £170,000	1	-	-	-
	<u>4</u>	<u>4</u>	<u>1</u>	<u>2</u>

Sussex Coast College, Hastings
Notes to the Accounts (continued)
For the year ended 31 July 2017

8 Emoluments of Key Management Personnel

Key Management Personnel are defined as the Principal and holders of the other senior posts whom the board have selected for the purposes of the articles of government of the College.

	2017	2016
	No.	No.
The number of key management personnel including the Principal was:	4	4
	<u>4</u>	<u>4</u>

Key management personnel emoluments are made up as follows:

	2017	2016
	£'000	£'000
Salaries	403	367
Employers NI	51	47
Benefits in kind	3	2
	<u>457</u>	<u>416</u>
Pension contributions	71	66
Total emoluments	<u>528</u>	<u>482</u>

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

Accounting Officer	2017	2016
	£'000	£'000
Salaries	161	150
Benefits in kind	1	1
	<u>162</u>	<u>151</u>
Pension contributions	27	18
Total emoluments	<u>189</u>	<u>169</u>

The contributions to the Teachers' Pension Scheme and LGPS in respect of key management personnel are paid at the same rate as for other employees.

Benefits in kind comprise subscriptions to Private Health Insurance.

Compensation for loss of office paid to former key management personnel

	2017	2016
	£'000	£'000
Compensation paid to former key management personnel - contractual	-	14
Total	<u>-</u>	<u>14</u>

The members of the College (except for the Principal and other staff members) did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

Sussex Coast College, Hastings
Notes to the Accounts (continued)
For the year ended 31 July 2017

9 Other operating expenses

	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	5,927	5,927	5,414	5,414
Non teaching costs	2,732	2,472	2,366	2,050
Premises costs	<u>1,525</u>	<u>1,507</u>	<u>1,517</u>	<u>1,498</u>
Total	<u>10,184</u>	<u>9,906</u>	<u>9,297</u>	<u>8,962</u>

Other operating expenses include:

	2017	2016
	£'000	£'000
Auditors' remuneration:		
Financial statements audit*	32	29
Internal audit**	44	34
Taxation advice provided by the financial statements auditors	-	2
Hire of plant and machinery – operating leases	139	81
Hire of other assets – operating leases	<u>87</u>	<u>87</u>

* includes £28,000 in respect of the College (2015/16 £27,000)

** includes £44,000 in respect of the College (2015/16 £34,000)

10 Interest and other finance costs

	2017	2016
	£'000	£'000
On bank loans, overdrafts and other loans:		
Repayable within 5 years, not by instalments	8	7
Repayable wholly or partly in more than five years	<u>117</u>	<u>139</u>
	125	146
Net interest on defined pension liability (note 21)	<u>220</u>	<u>278</u>
Total	<u>345</u>	<u>424</u>

11 Taxation

The members believe that the College and Group was not liable for any Corporation Tax arising out of its activities during the year

Sussex Coast College, Hastings
Notes to the Accounts (continued)
For the year ended 31 July 2017

12 Tangible fixed assets (Group)

	Freehold Land and buildings	Equipment	Assets under construction	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2016	100,761	7,268	-	108,029
Additions	123	348	240	711
Disposals	-	(3)	-	(3)
At 31 July 2017	100,884	7,613	240	108,737
Depreciation				
At 1 August 2016	10,450	6,342	-	16,792
Charge for the year	1,614	565	-	2,179
Eliminated on disposal	-	(3)	-	(3)
At 31 July 2017	12,064	6,904	-	18,968
Net book value at 31 July 2017	88,820	709	240	89,769
Net book value at 31 July 2016	90,311	926	-	91,237

Sussex Coast College, Hastings
Notes to the Accounts (continued)
For the year ended 31 July 2017

12 Tangible fixed assets (College only)

	Freehold Land and buildings	Equipment	Assets under construction	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2016	100,599	7,175	-	107,774
Additions	123	348	240	711
Disposals	-	(3)	-	(3)
At 31 July 2017	100,722	7,520	240	108,482
Depreciation				
At 1 August 2016	10,375	6,272	-	16,647
Charge for the year	1,598	559	-	2,157
Eliminated on disposal	-	(3)	-	(3)
At 31 July 2017	11,973	6,828	-	18,801
Net book value at 31 July 2017	88,749	692	240	89,681
Net book value at 31 July 2016	90,224	903	-	91,127

Sussex Coast College, Hastings
Notes to the Accounts (continued)
For the year ended 31 July 2017

13 Investments

In August 2011 the College acquired 100% of the share capital of Plaza Trading Hastings Limited on incorporation for £100. The principal activity of Plaza Trading Hastings Limited is the operation of commercial activities on behalf of the College. The activities of Plaza Trading Hastings Limited are consolidated in these accounts.

14 Stock

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Finished goods and goods for resale	<u>35</u>	<u>26</u>	<u>26</u>	<u>20</u>

Sussex Coast College, Hastings
Notes to the Accounts (continued)
For the year ended 31 July 2017

15 Debtors

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Amounts falling due within one year:				
Trade debtors	858	858	1,162	1,161
Other debtors	5	5	6	3
Amounts owed by group undertakings	-	308	-	302
Prepayments and accrued income	497	478	492	478
Amounts owed by the Education and Skills Funding Agency	224	224	465	465
Total	<u>1,584</u>	<u>1,873</u>	<u>2,125</u>	<u>2,409</u>

Amounts owed by group undertakings includes £80,000 (2016: £100,000) that is due in more than one year.

16 Creditors: amounts falling due within one year

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Bank loans and overdrafts	536	536	543	543
Payments received on account	218	218	254	254
Trade creditors	416	394	214	193
Other taxation and social security	314	298	359	344
Accruals and deferred income	1,826	1,812	1,961	1,951
Deferred income - Government Capital Grants	1,297	1,297	1,539	1,539
Amounts owed to Education and Skills Funding Agency	510	510	340	340
Total	<u>5,117</u>	<u>5,065</u>	<u>5,210</u>	<u>5,164</u>

17 Creditors: amounts falling due after one year

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Deferred Income	4,148	4,148	4,182	4,182
Deferred Income - Government Capital Grants	65,871	65,871	67,168	67,168
Bank loans	6,495	6,495	7,025	7,025
Total	<u>76,514</u>	<u>76,514</u>	<u>78,375</u>	<u>78,375</u>

18 Provision for liabilities

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Provisions	659	659	550	550
Total	<u>659</u>	<u>659</u>	<u>550</u>	<u>550</u>

Provisions relate to a compulsory purchase order on the land at the Ore Valley site which resulted from the capital build in 2016.

Sussex Coast College, Hastings
Notes to the Accounts (continued)
For the year ended 31 July 2017

19 Analysis of Borrowings

Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
In one year or less	536	536	543	543
Between one and two years	536	536	543	543
Between two and five years	1,607	1,607	2,178	2,178
In five years or more	4,352	4,352	4,304	4,304
Total	<u>7,031</u>	<u>7,031</u>	<u>7,568</u>	<u>7,568</u>

The College has various unsecured loans as follows:

Loan Principal	Interest Rate	Final Payment Date
£7.5m	LIBOR + 0.85%	August 2030
£0.8m	LIBOR + 1.75%	August 2035
£0.2m	LIBOR + 2.00%	September 2022

20 Financial Instruments

The Group has the following financial instruments:

	Group 2017 £'000s	Group 2016 £'000s
Financial Assets		
Debt instruments measured at amortised cost	<u>1,087</u>	<u>1,062</u>
Financial Liabilities		
Financial liabilities measured at amortised cost	<u>10,002</u>	<u>11,820</u>

Financial assets measured at amortised cost comprise trade debtors, other debtors and amounts owed by the ESFA.

Financial liabilities measured at amortised cost comprise bank loans, payments on account, trade creditors, accruals and amounts

Sussex Coast College, Hastings
Notes to the Accounts (continued)
For the year ended 31 July 2017

21 Retirement benefits

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 East Sussex County Council. Both are defined-benefit schemes.

Total pension cost for the year	2017	2016
	£'000	£'000
Teachers Pension Scheme: contributions paid	548	489
Local Government Pension Scheme:		
Contributions paid	649	576
FRS 102 (28) charge	462	264
Charge to the Statement of Comprehensive Income	1,111	840
Enhanced pension charge to Statement of Comprehensive income	-	-
Total Pension Cost for Year within staff costs	1,659	1,329

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

Contributions amounting to £190,878 (2016: £130,611) were payable to the scheme at 31st July and are included within creditors.

Teachers' Pension Scheme - Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions, along with those made by employers, are credited to the Exchequer.

The Teachers' Pension Budgeting and Valuation Account

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

Valuation of the Teachers' Pension Scheme

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

- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay
- assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings
- rate of real earnings growth is assumed to be 2.75%
- assumed nominal rate of return is 5.06%

The new employer contribution rate was 14.1% until 1 September 2015, when it increased to 16.48% (including a 0.08% administration fee), with an employer cost cap of 10.9% of pensionable pay. The next valuation of the TPS is currently underway based on March 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:
<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

The pension costs paid to TPS in the year amounted to £548,000 (2016: £489,000).

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

Sussex Coast College, Hastings
Notes to the Accounts (continued)
For year ended 31 July 2017

21 Retirement benefits (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by East Sussex County Council. The total contribution made for the year ended 31 July 2017 was £863,000 of which employer's contributions totalled £649,000 and employees' contributions totalled £214,000. The agreed contribution rates for future years are 17.3% for employers and range from 5.5% to 7.5% for employees, depending on salary.

Principal Actuarial Assumptions

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

	At 31 July 2017	At 31 July 2016
Rate of increase in salaries	2.9%	3.9%
Rate of increase for pensions in payment / inflation	2.5%	1.9%
Discount rate for scheme liabilities	2.7%	2.4%
Inflation assumption (CPI)	2.6%	2.6%
Commutation of pensions to lump sums	50.0%	50.0%

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

	At 31 July 2017	At 31 July 2016
<i>Retiring today</i>		
Males	22.1	22.2
Females	24.4	24.4
<i>Retiring in 20 years</i>		
Males	23.8	24.2
Females	26.3	26.7

Sussex Coast College, Hastings
Notes to the Accounts (continued)
For year ended 31 July 2017

21 Retirement benefits (continued)

Local Government Pension Scheme (Continued)

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

	Fair Value of assets	
	2017 £'000	2016 £'000
Equity instruments	14,583	12,824
Debt instruments	2,836	2,672
Property	2,026	1,781
Cash	810	534
Total fair value of plan assets	<u>20,255</u>	<u>17,811</u>
Actual return on plan assets	<u>1,747</u>	<u>1618</u>

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

	2017 £'000	2016 £'000
Fair value of plan assets	20,255	17,811
Present value of plan liabilities	<u>(27,347)</u>	<u>(26,745)</u>
Total	<u>(7,092)</u>	<u>(8,934)</u>

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

	2017 £'000	2016 £'000
Current service cost	1073	817
Net interest on the net defined benefit pension liability	220	278
Plan introductions, changes, curtailments and settlements	<u>38</u>	<u>23</u>
Total	<u>1,331</u>	<u>1,118</u>

Changes in the present value of defined benefit obligations

	2017 £'000
Defined benefit obligations at start of period	26,745
Current service cost	1,073
Interest cost	650
Contributions by scheme participants	214
Actuarial (gains)/losses	(777)
Benefits paid	(596)
Plan introductions, changes, curtailments and settlements	38
Defined benefit obligations at end of period	<u>27,347</u>

Changes in fair value on plan assets

	2017 £'000
Fair value on plan assets at start of period	17,811
Interest income	430
Return on plan assets	1,747
Employer contributions	649
Contributions by scheme participants	214
Benefits paid	(596)
Fair value on plan assets at end of period	<u>20,255</u>

Sussex Coast College, Hastings
Notes to the Accounts (continued)
For the year ended 31 July 2017

22 Capital Commitments

	Group and College	
	2017	2016
	£'000	£'000
Commitments contracted for at 31 July not provided	<u>260</u>	<u>-</u>

24 Financial commitments

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

	Group and College	
	2017	2016
	£'000	£'000
Land and buildings		
Payable within one year	87	87
Payable within two and five years inclusive	262	61
Payable in over five years	-	-
	<u>349</u>	<u>148</u>
Other		
Payable within one year	143	69
Payable within two and five years inclusive	107	5
Payable in over five years	-	-
	<u>250</u>	<u>74</u>

25 Contingent liabilities

The College had no contingent liabilities at 31 July 2017.

26 Related party transactions

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

The total expenses paid to or on behalf of the Governors during the year was £165; 2 governors (2016: £534; 4 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

Principal relationships with other entities are as follows:

Mrs Susan Walton (Independent Governor) is the Chief Executive of a local charity (Pestalozzi Children's Village Trust) that sends students to the College.

Mr James Harris is the Assistant Director of Economy at East Sussex County Council.

Mrs Caroline Mckiddie (Governor) is the Participation Manager (Education, Employment & Training), Standards & Learning Effectiveness Service, Partnership & Provision Team at East Sussex County Council.

Mr Simon Hubbard (Independent Member) is the Director of Regeneration at Hastings Borough Council.

Mr Clive Cooke (Principal) is a Director of FE Sussex, Hastings Academies Trust and Shared Services in Sussex and Surrey Colleges (SISSC). Clive Cooke also became the Chair of GFE South on 1st September 2013.

Sussex Coast College, Hastings
Notes to the Accounts (continued)
For the year ended 31 July 2017

26 Related party transactions (continued)

Transactions with related parties are as follows:

FE Sussex

£3,450 (2016: £7,200) was paid to FE Sussex relating to membership fees.

SISSC

£34,238 (2016: £28,765) was paid to SISSC in relation to the development of shared services.

GFE South

The College contributed £5,000 (2016: £5,000) in participator funding along with all the other member Colleges. During the year the College provided a payroll service for GFE South for which a fee of £1,800 (2016: £600) was charged in the year.

Hastings Borough Council

Annual rent of £29,400 (2016: £29,548 in 2015/16) was paid in respect of the rental of a unit at Castleham Industrial Estate for the construction training centre and £3,000 local bid levy (no charge in 2015/16).

Pestalozzi Children's Village Trust

The Trust paid the College £134,780 (2016: £127,732) for the provision of training.

East Sussex County Council

£9,656 (2016: £3,727) was paid to East Sussex County Council relating to training courses and student placements. £4143.70 (2016: £3,777) was received from East Sussex County Council for letting income.

27 Post-balance sheet events

Details of any post balance sheet events are given in the report of the members of the corporation.

28 Amounts disbursed as agent

Discretionary support funds

	2017	2016
	£'000	£'000
Funding body grants – hardship support	303	717
Funding body grants – childcare	-	90
Funding body grants – residential bursaries	-	-
Other Funding bodies grants	99	79
Interest earned	<u>402</u>	<u>886</u>
Disbursed to students	(336)	(525)
Administration costs	(15)	(21)
Balance unspent as at 31 July, included in creditors	<u><u>51</u></u>	<u><u>340</u></u>

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements have therefore been excluded from the income and expenditure account, other than when the College has directly incurred expenditure itself.