

Company Registration No. 08257461 (England and Wales)

**SALISBURY SIXTH FORM COLLEGE
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2018**

SALISBURY SIXTH FORM COLLEGE

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 13
Governance statement	14 - 17
Statement on regularity, propriety and compliance	18
Statement of trustees' responsibilities	19
Independent auditor's report on the accounts	20 - 22
Independent reporting accountant's report on regularity	23 - 24
Statement of financial activities including income and expenditure account	25 - 26
Balance sheet	27
Statement of cash flows	28
Notes to the accounts including accounting policies	29 - 50

SALISBURY SIXTH FORM COLLEGE

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Mr N Owen
Mrs S McKinley
Miss S Busby (Resigned 7 February 2018)
Mrs A Esser (Resigned 1 August 2018)
Mr D Waring (Resigned 1 August 2018)
Magna Learning Partnership (Appointed from 1 August 2018)

Trustees

Mr S Firth (Accounting Officer and Principal)
Mr D Waring (Chair of Governors / appointed Chair of LGB from 1/8/2018) (Resigned 1 August 2018)
Mr N Owen
Mrs S McKinley
Dr A Banks (Resigned 1 August 2018)
Mrs A Esser (Resigned 1 August 2018)
Rev D Fisher (Resigned 1 August 2018)
Mr I Gates (Resigned 1 August 2018)
Mr D Noble (Vice Chair of Governors) (Resigned 1 August 2018)
Ms T Verrall (Resigned 1 August 2018)

Senior management team

- Principal and Accounting Officer
- Vice Principal
- College Business Manager
- Student Services Manager

Mr S Firth
Mrs L Henderson
Mrs K Clarkson
Mrs R Roberts

Company registration number

08257461 (England and Wales)

Registered office

66-78 Tollgate Road
Salisbury
Wiltshire
SP1 2JJ

Independent auditor

Moore Stephens (South) LLP
33 The Clarendon Centre
Salisbury Business Park
Dairy Meadow Lane
Salisbury
Wiltshire
SP1 2TJ

Bankers

Lloyds Bank Plc Salisbury
38 Blue Boar Row
Salisbury
Wiltshire
SP1 1DB

SALISBURY SIXTH FORM COLLEGE

REFERENCE AND ADMINISTRATIVE DETAILS

Solicitors

Trowers and Hamlins LLP
3 Bunhill Row
London
EC1Y 8YZ

SALISBURY SIXTH FORM COLLEGE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an academy for pupils aged 16 to 19 wishing to undertake a program of 'A' level study or, a mixed A level and level 3 vocational study programme in the Salisbury area. The college continues to grow, achieving an increase in the local market share in 2018. Progress towards PAN continues to be steady and the college currently has 312 on roll as at the October 2018 census.

On the 1st August 2018 Salisbury Sixth Form College became part of The Magna Learning Partnership, a multi-academy trust in the Salisbury area.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The charitable company is known as Salisbury Sixth Form College.

The trustees of Salisbury Sixth Form College are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year, and to the date these accounts are approved, are included in the Reference and Administrative Details on page 1.

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Trustees' indemnities

The academy trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business, and provides cover up to £10,000,000.

Method of recruitment and appointment or election of trustees

As highlighted in the Articles of Association; governors, staff governors, parent governors and co-opted governors shall be appointed by the members or; where appropriate, elected to become part of the governing body by the body of which they hope to sit, i.e. parents.

Policies and procedures adopted for the induction and training of trustees

New Trustees are inducted by the Clerk to Governors; ensuring the relevant documentation for DBS checks are submitted along with signing of the Governors' Code of Conduct, Companies House Directors forms and registers of interest as agreed by the Governing Body, and the distribution of material in order to assist in governor training, such as the Governors' Handbook and Articles of Association.

SALISBURY SIXTH FORM COLLEGE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Organisational structure

Salisbury Sixth Form College has a management structure of a Senior Leadership Team lead by the Principal and a Board of Governors.

The Board of Governors is responsible for appointing the Principal, making major strategic decisions, setting general policy, adopting an annual budget and appointing senior staff.

The Principal, Mr Simon Firth, is the trust's Accounting Officer and is also responsible for the day to day running of the college. Operational management of the college is the responsibility of the Principal and the Senior Leadership Team.

College policies are developed by senior members of the college staff to reflect the strategic direction agreed by the governors and also any statutory requirements. These policies are reviewed and approved by specialist sub-committees, comprising governors and college staff, before adoption and approval by the Board of Governors. The Senior Leadership Team and other designated staff, implement procedures and systems to ensure these policies are adhered to.

Arrangements for setting pay and remuneration of key management personnel

All staff can expect to receive regular, constructive feedback on their performance and are subject to annual appraisal that recognises their strengths, informs plans for their future development, and helps to enhance their professional practice. The arrangements for staff appraisal are set out in the College's appraisal policy.

The trust may review pay from time to time subject to affordability. Decisions regarding pay progression will be made with reference to the staff appraisal reports and the pay recommendations they contain. The Sixth Form Colleges' Associations' nationally negotiated pay scales are used as a benchmark and reference point to inform pay awards for support staff and classroom teachers. The Maintained Schools Teachers' Leadership scale is used as a benchmark and reference point for senior management personnel.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	2
Full-time equivalent employee number	2.00

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	2
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	2,399
Total pay bill	887,988
Percentage of the total pay bill spent on facility time	-

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-
---	---

SALISBURY SIXTH FORM COLLEGE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Related parties and other connected charities and organisations

There are no related parties or connected charities and organisations.

Objectives and activities

Objects and aims

Salisbury 6th Form College's objective is to create a world class learning community where all students and staff can flourish, both personally and academically.

In order to achieve the core purpose, there are 4 strategic aims for 2016 - 2019;

1. To ensure that students and staff maximise their potential and be the best they can be
2. To ensure that everyone in the college community is given the best opportunity to achieve their career aims in a culture of high aspirations and excellent pastoral support.
3. To secure outstanding leadership at all levels within the college.
4. To ensure that Learning resources are fit for purpose and enhances the curriculum delivery.

Key performance indicators were set to underpin these objectives, headline targets for 2017/18 included;

5. A level value added score to be above 0
6. Technical/Vocational value added score to be above 0.3
7. GSCE English and Maths re-sit value add to be above 0
8. Achieve 92% attendance or above
9. Retention in year to be 85%
10. In year deficit to be no more than £10,000
11. Investigate a MAT and agree a way forward by Dec 2017
12. Staff to be highly motivated and feel valued
13. Build stronger partnerships with feeder schools and post 16 providers
14. Successful marketing leads to growth in our share of year 11 in Salisbury Schools (including Trafalgar and Stonehenge) to 22% or above.

SALISBURY SIXTH FORM COLLEGE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Objectives, strategies and activities

Key Activities during the 2017/18 academic year as identified in the College Improvement Plan included;

- Developing an effective transition into "A" level;
- Ensuring Technical and Vocational courses are successful (value added and retention as per college targets)
- Improving the planning and delivery of courses to ensure they are effective.
- Developing the culture of learning
- Improving the accuracy of assessment
- Reviewing curriculum programmes
- Developing Quality Improvement Plans
- Improving attendance through a range of pastoral measures.
- Improving performance appraisal for all staff.
- Improving CPD for all staff and governors to strengthen leadership at all levels.
- Ensuring revenue and expenditure are within budget and financial management is improved in line with the Academies Financial Handbook and audit requirements.
- Growing student numbers in line with revised plan
- Building stronger relationships with feeder schools and post 16 providers
- Embedding CEIAG and designing a new employability programme
- Improving effectiveness of progress tutoring
- Re-designing the enrichment programme
- Embedding student voice
- Maintaining and improving access to mental health services

SALISBURY SIXTH FORM COLLEGE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Public benefit

In setting the objectives for the college, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

S6C is an inclusive college, opened to bridge a gap in post 16 places in Salisbury as follows:

- To provide places for students who, rather than attending an FE college, are seeking provision different from the academic pressures of the city grammar schools.
- To provide an environment where the transition from school to A level is fully supported through an outstanding pastoral system and network of progress tutors.
- To provide a post – 16 route of natural progression for those from within the Magna Learning Partnership schools.
- To address the low 16-19 participation and high percentage of NEETs relative to other areas of Wiltshire
- Reduce the number of students who have long commutes in order to access 'A' level education.
- The impact of raising of the participation age (RPA)
- The prospect of the re-location of army personnel leaving Germany between 2016 – 2019 and the associated rise in school places in the area.

The college continues to offer its facilities for rental by the community during term-time, between 4pm and 7.30pm. The college continues to work with a local Pilates Group who use the dance studio on two evenings a week.

SALISBURY SIXTH FORM COLLEGE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Strategic report

Achievements and performance

SALISBURY 6TH FORM COLLEGE 2018 DESTINATIONS

2017 - 2018

89

STUDENTS APPLIED TO
UNIVERSITY

UNIVERSITY APPLICATIONS

The 2016 - 2018 cohort ended the academic year with 121 students of which 8 were EU students

ALL TIME HIGH

The 2017/18 cohort was our biggest yet to apply and gain places at university. It is expected to increase for the 2018/19 cohort

92%

of the students applied took up places at university

10

students accepted places at Russell Group universities

AIMING HIGH

Of the 89 students who applied 10 of the gained places at Russell Group universities such as Southampton, Exeter and Bristol

ONLY THE BEST

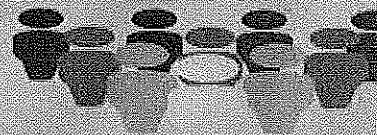
16% of students either went to a Russell Group university or one of the Top Tier 50 Institutions for their Higher Education course

16%

RUSSELL GROUP &
TOP TIER 50

SOCIOLOGY

The most popular choice of university course is Sociology. Other students also progressed to Criminology, which is an aspect of Sociology research



15

gap year

15 students intend on taking a gap year after SoC. This also includes students who have deferred their university place for a year

WWW.SALISBURY6C.AC.UK

SALISBURY SIXTH FORM COLLEGE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Key performance indicators

A level value added score to be 0	Not yet available.
Technical / Vocational Value added score to be above 0.3	0.45
GCSE Maths and English re-sit score to be above 0	Not yet available but well above national average.
Retention – 85%	82%
Market Share of year 11 in Salisbury (incl Trafalgar and Stonehenge) to be 22% or above	23.51

Going concern

Salisbury Sixth Form College became part of the Magna Learning Partnership (MLP), a local Multi Academy Trust, on 1st August 2018, and ceased to trade as a separate entity from that date. The trustees have elected to prepare these accounts on the break up basis. The company will be dormant as from that date.

Financial review

Most of the trust's funds are acquired through recurrent grants from the ESFA (Education and Skills Funding Agency) and are restricted to particular use. These funds are shown as restricted funds in the statement of financial activities.

The trust has also received Capital funding from the ESFA in the form of a small devolved capital formula grant which is used for the improvement of the college. This year, these funds have been used to rebuild the college network and provide additional staff computers in order to improve security by ensuring a more effective division between staff and students on the network. The college has also improved the achievement and progress centre by providing window film to prevent sun related glare and additional furnishings to support study. There is a Capital balance carried forward, which is allocated to the settlement of the network re-build costs and also a provision to extend the power and data in the Media room to allow for larger classes. The size of the class of enrolled students at census date will determine if this work needs to proceed. These funds are shown in the restricted funds in the income section in the fixed asset fund. This fund is depreciated through the application of a depreciation charge over the useful life of the assets.

A small amount of additional, unrestricted income has been generated through donations, parental contributions and sale of optional goods to students.

SALISBURY SIXTH FORM COLLEGE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

During 2017/18 the trust has reviewed the following financial policies;

1. Bursary Guidance
2. Financial Procedures Manual
3. Staff pay policies

The outturn for the year shows that trust's expenditure has been controlled against the budget set by the Governors. Despite an error in funding allocation which resulted in £15,000 being re-claimed by the ESFA, the trust's position resulted in an in year revenue deficit of £33,179.

The trust is working within the plan negotiated with the ESFA in July 2017 and, as agreed, paid all of the outstanding VAT reclaim back to ESFA Treasury Team, reducing the Trade Creditors by over £147,000 in the year. The trust also repaid the year 2 PNA of £86,272, in line with the agreed plan.

Student numbers continue to rise and the college was subject to a positive pupil number adjustment in 2017/18 which resulted in adjusted income from the ESFA. This income was spent on additional teaching resource to support Geography and EPQ provision.

Reserves policy

The reserve policy is to allocate 3% of general grant per year (subject to in-year affordability) for essential asset replacement and contingency purposes. The Trust is not expecting to be able to ring-fence this funding for the foreseeable future, this is reflected as a risk in the Trust's risk register. It is the trust's aim to use the majority of annual grant to focus on teaching and learning and for the benefit of the students studying within the year in which it is received.

On 1 August 2018 Salisbury Sixth Form College became part of The Magna Learning Partnership which will set the reserve policy going forward.

Investment policy

The academy holds no investments other than instant access UK bank accounts in which surplus cash is deposited until needed.

Principal risks and uncertainties

The trustees are aware of the principal risks and uncertainties to which the trust is exposed.

A risk register has been implemented which is regularly reviewed as part of the running of the College and periodically reviewed by governors. Mitigating actions and systems are put in place where practical, and the college has risk prevention cover in the form of the ESFA risk protection arrangement. The college has a system of risk assessments in place for areas such as trips and visits, lone working, use of certain areas of the building and potentially hazardous activities.

The Trust's high impact/probability risks and current issues are;

SALISBURY SIXTH FORM COLLEGE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Issues Emerging

Builders do not respond to snags/defects in a timely manner, placing students at risk	The trust re-engaged additional project management resource in to help resolve some of the issues. Progress is now being made with a view to closing all issues by 5/11/2018
S6C cafe is not used and becomes unviable. S6C facilities are not of high enough quality and students go elsewhere	The trust investigated and put in place an excellent alternative provision for 2018/19 run by Hampshire County Council Schools Catering. Early indications are that this is a popular, high quality and successful alternative.
The budget constraints mean that there is no budget for asset replacement until 2017/18 and this is less than 3% of GAG.	This remains an issue.
A 10k rise in exam fees. This will impact on the outturn position.	This has been investigated and the causes established (changes to linear and associated cost increases.) Future forecasts have been adjusted accordingly
Long term absence - tight provision in budget for occurrences of long term absence. No money for insurances. If more than one member of staff goes on long term absence this could have a high impact on the college budget.	Joining the MAT will mitigate this issue to some extent as there will be a pool of resources which could be re-deployed or seconded as necessary.
Risk that single-points of failure result in absence which can impact on the reputation of the college. This includes the SPF for contractors	S6C has joined the MAT so this has been resolved.
Fire Damper drop test failed due to inability to access the dampers to prove they are working effectively.	Remedial actions underway and costs are being picked up by McAvoy's.

SALISBURY SIXTH FORM COLLEGE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

• High Impact and Probability Risks

Due to a tight budget, support staff are overstretched.	Joining the MAT has already alleviated some of the pressures and that will improve over time.
SLT is currently over-stretched and is taking on many low level tasks in order to fill gaps.	As above.
Unable to recruit staff to fill the gaps in Psychology and Business and Economics for September 2018, resulting in a risk to recruitment and student outcomes for 2018/19.	This risk did not emerge as high quality staff were recruited for both subjects.

Fundraising

The trust has received donations from parents to help to support the provision of student photocopying and careers activities. Also a studio fee towards the costs of art and photography materials for those students taking these courses has been requested, in order to ensure that the students have access to materials of the required standard and quality to complete the courses successfully. This donation is politely requested but no student is excluded from the course if a donation is not made. If parents are in hardship, bursary monies have been used to ensure that the student can access the required art and photography materials to complete individual project work.

No professional fundraisers have been used and no fundraising complaints received.

The students have also raised funds for a number of national and local charities throughout the year by way of Student Leadership events such as cake sales, sponsorship and Christmas Jumper days. Charities to have benefited include Macmillan Cancer, Cancer Research and Salisbury Hospital Stars Appeal.

Plans for future periods

The College has joined the Magna Learning Partnership with effect from 1 August 2018 with the aim of helping to develop a cross-MAT post-16 strategy, so that MLP post-16 institutions become the route of first choice for students.

Future strategies and objectives will be set by the MAT board.

Funds held as custodian trustee on behalf of others

No funds held as custodian.

SALISBURY SIXTH FORM COLLEGE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Auditor

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Due to this being the final period of the Academy Trust, it is not necessary to reappoint the auditor.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 24/12/18 and signed on its behalf by:

.....
Mrs S McKinley

SALISBURY SIXTH FORM COLLEGE

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

Scope of responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Salisbury Sixth Form College has an effective and appropriate system of control, financial and otherwise. 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 board of trustees has delegated the day-to-day responsibility to the principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Salisbury Sixth Form College and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 7 times during the year.

The main Governing Body has two sub-committees;

Provision and Performance – which ensures that all aspects of the curriculum is delivered in line with policy, monitors quality of assessment and achievement and, that the relevant aspects of the College Improvement Plan are implemented.

Resources – monitors the college budget, risk and control measures, facility provision, staffing and HR issues, and that the relevant aspects of the College Improvement Plan are implemented. The Resources Committee also has responsibility for financial audit.

Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
Mr S Firth (Accounting Officer and Principal)	7	7
Mr D Waring (Chair of Governors / appointed Chair of LGB from 1/8/2018) (Resigned 1 August 2018)	7	7
Mr N Owen	5	7
Mrs S McKinley	5	7
Dr A Banks (Resigned 1 August 2018)	3	7
Mrs A Esser (Resigned 1 August 2018)	5	7
Rev D Fisher (Resigned 1 August 2018)	4	7
Mr I Gates (Resigned 1 August 2018)	3	7
Mr D Noble (Vice Chair of Governors) (Resigned 1 August 2018)	5	7
Ms T Verrall (Resigned 1 August 2018)	6	7

The Governors performed a skills review during the July 2018 FGB meeting. The board have recognised that the skills needed for a Local Governing Body may be different to those for a stand-alone academy and so a further review is scheduled for the next Local Governing Body to consider whether the board's skill levels are still appropriate post joining the MAT.

SALISBURY SIXTH FORM COLLEGE

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Review of value for money

As accounting officer the principal has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Using multiple suppliers of office goods and reviewing prices to establish the most cost effective supplier
- Establishing ongoing relationships with key suppliers and negotiating large discounts on bursary devices
- Ensuring maternity leave is covered for no additional cost where possible
- Continuing to operate with a lean support staff.
- Gaining quotes for inspection insurance and switching suppliers.
- Using shared resources with other institutions e.g. Psychology Teacher
- Providing minority subjects through collaboration with other institutions e.g. Music at Godolphin School
- Implementing a more cost effective college MIS and parental payment system
- Using a switch broker to find a more cost effective utilities supplier
- Some staff have continued to perform additional responsibilities without additional responsibility allowances being paid.
- Close monitoring of the budget and continual update of the forecasting tool to establish the impact of change on the outturn.
- Reviewing Sixth Form Colleges' Association data and using average KPIs to ensure budget forecasting is fit for purpose.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust 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 Salisbury Sixth Form College for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and accounts.

SALISBURY SIXTH FORM COLLEGE

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to:

- to appoint its auditors, Moore Stephens, to undertake additional checks and provide internal audit reports to the resources committee.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- Review of website compliance
- Policies
- Management Accounts
- Census

The internal auditor periodically reports to the board of trustees through the resources committee on the operation of the systems of control and on the discharge of the board of trustees financial responsibilities.

Review of effectiveness

As accounting officer the principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditor;
- the work of the senior leadership team within the academy trust who have responsibility for the development and maintenance of the internal control framework.

SALISBURY SIXTH FORM COLLEGE

GOVERNANCE STATEMENT (CONTINUED)

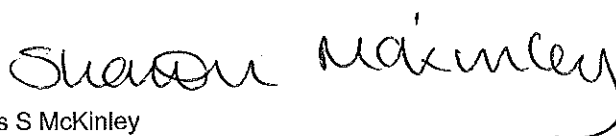
FOR THE YEAR ENDED 31 AUGUST 2018

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Resources Committee.

Approved by order of the members of the board of trustees on 24/12/18 and signed on its behalf by:



Mr S Firth
Accounting Officer and Principal



Mrs S McKinley

SALISBURY SIXTH FORM COLLEGE

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

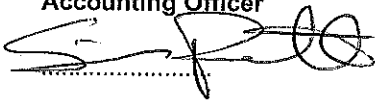
FOR THE YEAR ENDED 31 AUGUST 2018

As accounting officer of Salisbury Sixth Form College I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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

Mr S Firth
Accounting Officer

A handwritten signature in black ink, appearing to be 'S Firth', written over a dotted line.

SALISBURY SIXTH FORM COLLEGE

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees (who are also the directors of Salisbury Sixth Form College for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare accounts for each financial year. Under company law the trustees must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

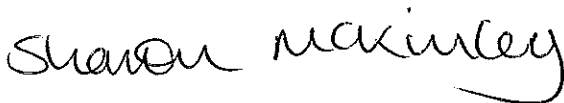
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from ESFA/DfE have been applied for the purposes intended.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 24/12/18..... and signed on its behalf by:

Mrs S McKinley



SALISBURY SIXTH FORM COLLEGE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SALISBURY SIXTH FORM COLLEGE

FOR THE YEAR ENDED 31 AUGUST 2018

Opinion

We have audited the accounts of Salisbury Sixth Form College for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018.

Basis for opinion

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

Emphasis of matter relating to going concern

We draw attention to notes 1.2 and 24 which indicate that the academy ceased to trade in its own right as of 1st August 2018. All of the assets and liabilities have been considered, by the trustees, to be held at fair value and were subsumed by the Magna Learning Partnership Multi Academy Trust from 1st August 2018. This event has resulted in the trustees preparing the accounts on the break-up basis with the academy no longer being considered as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

SALISBURY SIXTH FORM COLLEGE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SALISBURY SIXTH FORM COLLEGE (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report including the incorporated strategic report and directors report prepared for the purpose of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

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

In preparing the accounts, the trustees are responsible for assessing the academy trust'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 trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

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

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

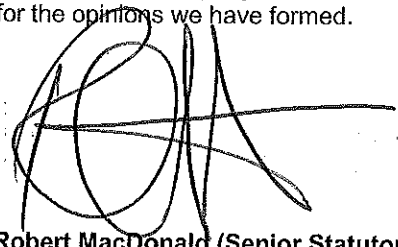
SALISBURY SIXTH FORM COLLEGE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SALISBURY SIXTH FORM COLLEGE (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Robert MacDonald (Senior Statutory Auditor)
for and on behalf of Moore Stephens (South) LLP

Chartered Accountants
Statutory Auditor

24th December 2018

33 The Clarendon Centre
Salisbury Business Park
Dairy Meadow Lane
Salisbury
Wiltshire
SP1 2TJ

SALISBURY SIXTH FORM COLLEGE

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SALISBURY SIXTH FORM COLLEGE AND THE EDUCATION & SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 16 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Salisbury Sixth Form College during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Salisbury Sixth Form College's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Salisbury Sixth Form College's funding agreement with the Secretary of State for Education dated 1 August 2014 and the Academies Financial Handbook, extant from 1 September 2017, 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 Academies Accounts Direction 2017 to 2018. 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 September 2017 to 31 August 2018 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 Academies Accounts Direction 2017 to 2018 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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 and propriety of the academy trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- consideration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance;
- analytical procedures on the general activities of the Academy Trust;
- a review of Minutes of Committees and Board Meetings which may be relevant to regularity;
- consideration of discussions with key personnel, including the Accounting Officer and Governing Body;
- tests of control have been carried out on a control activity which are relevant to regularity;
- substantive testing of individual transactions.

SALISBURY SIXTH FORM COLLEGE

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SALISBURY SIXTH FORM COLLEGE AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Moore Stephens (South) LLP

Reporting Accountant

Moore Stephens (South) LLP
33 The Clarendon Centre
Salisbury Business Park
Dairy Meadow Lane
Salisbury
Wiltshire
SP1 2TJ

Dated: *24th December 2018*

SALISBURY SIXTH FORM COLLEGE

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2018 £	Total 2017 £
Income and endowments from:						
Donations and capital grants	3	-	1,609	16,353	17,962	11,209
Charitable activities:						
- Funding for educational operations	4	-	1,085,220	-	1,085,220	1,297,569
Other trading activities	5	32,900	-	-	32,900	79,331
Investments	6	101	-	-	101	141
Total		33,001	1,086,829	16,353	1,136,183	1,388,250
Expenditure on:						
Charitable activities:						
- Educational operations	8	20,171	1,178,838	172,569	1,371,578	1,510,910
Charitable expenditure - Transfer out on existing academy leaving the Trust	24	-	(455,807)	7,276,880	6,821,073	-
Total	7	20,171	723,031	7,449,449	8,192,651	1,510,910
Net income/(expenditure)		12,830	363,798	(7,433,096)	(7,056,468)	(122,660)
Transfers between funds	17	(12,830)	18,282	(5,452)	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	19	-	37,000	-	37,000	7,000
Net movement in funds		-	419,080	(7,438,548)	(7,019,468)	(115,660)
Reconciliation of funds						
Total funds brought forward		-	(419,080)	7,438,548	7,019,468	7,135,128
Total funds carried forward		-	-	-	-	7,019,468

SALISBURY SIXTH FORM COLLEGE

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

Comparative year information		Unrestricted	Restricted funds:		Total
Year ended 31 August 2017		Funds	General	Fixed asset	2017
	Notes	£	£	£	£
Income and endowments from:					
Donations and capital grants	3	-	85	11,124	11,209
Charitable activities:					
- Funding for educational operations	4	-	1,297,569	-	1,297,569
Other trading activities	5	79,331	-	-	79,331
Investments	6	141	-	-	141
Total		<u>79,472</u>	<u>1,297,654</u>	<u>11,124</u>	<u>1,388,250</u>
Expenditure on:					
Charitable activities:					
- Educational operations	8	<u>52,127</u>	<u>1,196,945</u>	<u>261,838</u>	<u>1,510,910</u>
Total	7	<u>52,127</u>	<u>1,196,945</u>	<u>261,838</u>	<u>1,510,910</u>
Net income/(expenditure)		27,345	100,709	(250,714)	(122,660)
Transfers between funds	17	(27,345)	25,210	2,135	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	19	-	7,000	-	7,000
Net movement in funds		-	132,919	(248,579)	(115,660)
Reconciliation of funds					
Total funds brought forward		-	(551,999)	7,687,127	7,135,128
Total funds carried forward		-	(419,080)	7,438,548	7,019,468

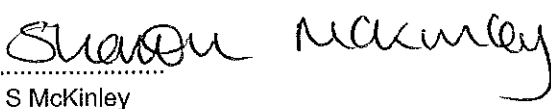
SALISBURY SIXTH FORM COLLEGE

BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	12		-		7,438,548
Current assets					
Debtors	13	-		176,705	
Cash at bank and in hand		-		348,332	
				525,037	
Current liabilities					
Creditors: amounts falling due within one year	14	-		(412,281)	
Net current assets			-		112,756
Total assets less current liabilities			-		7,551,304
Creditors: amounts falling due after more than one year	15		-		(427,836)
Net assets excluding pension asset/(liability)			-		7,123,468
Defined benefit pension scheme asset/(liability)	19		-		(104,000)
Net assets			-		7,019,468
Funds of the academy trust:					
Restricted funds	17				
- Fixed asset funds			-		7,438,548
- Restricted income funds			-		(315,080)
- Pension reserve			-		(104,000)
Total restricted funds			-		7,019,468
Unrestricted income funds	17		-		-
Total funds			-		7,019,468

The accounts on pages 25 to 50 were approved by the trustees and authorised for issue on 24/12/2018 and are signed on their behalf by:



 Mrs S McKinley

Company Number 08257461

SALISBURY SIXTH FORM COLLEGE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Net cash provided by/(used in) operating activities	20		73,950		(150,094)
Cash flows from investing activities					
Dividends, interest and rents from investments		101		141	
Capital grants from DfE Group		16,353		11,124	
Purchase of tangible fixed assets		(10,900)		(13,259)	
Net cash provided by/(used in) investing activities			5,554		(1,994)
Cash flows from financing activities					
Advance of long term ESFA Loan		(290,000)		290,000	
ESFA PNA Loan		(137,836)		137,836	
Net cash (used in)/provided by financing activities			(427,836)		427,836
Net (decrease)/increase in cash and cash equivalents in the reporting period			(348,332)		275,748
Cash and cash equivalents at beginning of the year			348,332		72,584
Cash and cash equivalents at end of the year			-		348,332

SALISBURY SIXTH FORM COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

Salisbury Sixth Form College is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the trustees' report.

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Salisbury Sixth Form College meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The Academy joined the Magna Learning Partnership, with effect from 1 August 2018, leading to the company ceasing to trade in its own right as of 1 August 2018, from that date the company will be dormant.

Due to the academy transferring in to a Multi Academy Trust, the trustees have decided that these financial statements are to be prepared under the break-up basis. The break-up basis has taken in to consideration all costs and provisions associated with the academy ceasing to trade, they will fall due after the period end and so the responsibility for payment will transfer to MLP along with the benefit of all assets held. The trustees have considered that no balances require to be adjusted under the break-up basis as the carrying values of all assets and liabilities are fairly stated and will transfer in to the Magna Learning Partnership at fair value as of 1 August 2018.

1.3 Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

SALISBURY SIXTH FORM COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

In 2016, the Trust has received a transfer of land from the ESFA. This was valued at cost of the purchase by the ESFA of £1,255,456. The gain was recognised as income from donations and a corresponding amount was included in the appropriate fixed asset category, no depreciation is charged due to the nature of the asset.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

1.5 Tangible fixed assets and depreciation

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Freehold land and buildings	50 years
Computer equipment	3 years
Fixtures, fittings & equipment	10 years

SALISBURY SIXTH FORM COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

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

1.6 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.7 Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.8 Financial instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows.

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.9 Taxation

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

1.10 Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

SALISBURY SIXTH FORM COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate..

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value 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 a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

1.11 Fund accounting

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency.

1.12 Agency Arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and that is recognised in the statement of financial activities. The funds received and paid any balances held are disclosed in note 24.

SALISBURY SIXTH FORM COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, 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 August 2018. 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.

Critical areas of judgement

On conversion to an academy trust, the asset and liabilities of the Trust are measured at fair value. This includes any buildings. The valuation of the buildings involves a significant degree of estimation refer to Note 12 for further detail of this estimation.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Capital grants	-	16,353	16,353	11,124
Other donations	-	1,609	1,609	85
	-	17,962	17,962	11,209

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
DfE / ESFA grants				
General annual grant (GAG)	-	1,023,260	1,023,260	1,248,958
Other DfE group grants	-	61,960	61,960	48,611
Total funding	-	1,085,220	1,085,220	1,297,569

SALISBURY SIXTH FORM COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

5 Other trading activities					
	Unrestricted funds	Restricted funds	Total 2018	Total 2017	
	£	£	£	£	
Catering income	-	-	-	4,122	
Other income	32,900	-	32,900	75,209	
	<u>32,900</u>	<u>-</u>	<u>32,900</u>	<u>79,331</u>	
6 Investment income					
	Unrestricted funds	Restricted funds	Total 2018	Total 2017	
	£	£	£	£	
Other investment income	101	-	101	141	
	<u>101</u>	<u>-</u>	<u>101</u>	<u>141</u>	
7 Expenditure					
	Staff costs	Non Pay Expenditure		Total 2018	Total 2017
	£	Premises	Other	£	£
		£	£		
Academy's educational operations					
- Direct costs	710,568	-	124,404	834,972	934,134
- Allocated support costs	236,707	238,585	61,314	536,606	576,776
	<u>947,275</u>	<u>238,585</u>	<u>185,718</u>	<u>1,371,578</u>	<u>1,510,910</u>
Net income/(expenditure) for the year includes:				2018	2017
				£	£
Fees payable to auditor for:					
- Audit				5,000	4,750
- Other services				2,350	2,350
Operating lease rentals				633	2,531
Depreciation of tangible fixed assets				161,541	261,838
Loss on disposal of fixed assets				11,028	-
Net interest on defined benefit pension liability				3,000	2,000
				<u>183,552</u>	<u>273,469</u>

SALISBURY SIXTH FORM COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Direct costs				
Educational operations	20,171	814,801	834,972	934,134
Support costs				
Educational operations	-	536,606	536,606	576,776
	<u>20,171</u>	<u>1,351,407</u>	<u>1,371,578</u>	<u>1,510,910</u>

Analysis of costs

	2018 £	2017 £
Direct costs		
Teaching and educational support staff costs	699,866	780,778
Staff development	10,702	11,430
Technology costs	39,020	30,573
Educational supplies and services	33,441	30,812
Examination fees	38,294	34,391
Other direct costs	13,649	46,150
	<u>834,972</u>	<u>934,134</u>

Support costs

Support staff costs	236,707	209,892
Depreciation	172,569	261,838
Technology costs	2,435	1,121
Recruitment and support	3,278	4,124
Maintenance of premises and equipment	16,905	2,572
Cleaning	4,036	4,675
Energy costs	20,455	21,712
Rent, rates and other occupancy costs	17,872	19,420
Insurance	6,087	5,270
Security and transport	6,709	2,030
Catering	7,878	6,667
Finance costs	3,000	2,000
Other support costs	21,867	25,308
Governance costs	16,808	10,147
	<u>536,606</u>	<u>576,776</u>

SALISBURY SIXTH FORM COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

9 Staff

Staff costs

Staff costs during the year were:

	2018 £	2017 £
Wages and salaries	704,081	731,303
Social security costs	69,120	68,467
Pension costs	157,081	154,450
Staff costs	930,282	954,220
Agency staff costs	6,291	36,450
Staff development and other staff costs	10,702	11,430
Total staff expenditure	947,275	1,002,100

Staff numbers

The average number of persons employed by the academy trust during the year was as follows:

	2018 Number	2017 Number
Teachers	16	13
Administration and support	11	10
Management	5	6
	32	29

Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2018 Number	2017 Number
£60,001 - £70,000	1	-
£80,001 - £90,000	-	1

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £284,832 (2017: £344,528).

SALISBURY SIXTH FORM COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

10 Trustees' remuneration and expenses

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. During the year, no expenses were reimbursed to governors.

The value of trustees' remuneration was as follows:

Mr S Firth (principal) £60,001 - £65,000 (2017: £80,001 - £85,000)
Employers Pension Contributions £10,001 - £15,000 (2017: £10,001 - £15,000)

Other related party transactions involving the trustees are set out within the related parties note.

11 Trustees and officers insurance

The academy trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

12 Tangible fixed assets

	Freehold land and buildings £	Computer equipment £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 September 2017	7,396,419	367,633	167,796	7,931,848
Additions	1,735	5,964	3,201	10,900
Disposals	(7,398,154)	(373,597)	(170,997)	(7,942,748)
At 31 August 2018	-	-	-	-
Depreciation				
At 1 September 2017	122,819	332,161	38,320	493,300
On disposals	(235,434)	(366,698)	(52,709)	(654,841)
Charge for the year	112,615	34,537	14,389	161,541
At 31 August 2018	-	-	-	-
Net book value				
At 31 August 2018	-	-	-	-
At 31 August 2017	7,273,600	35,472	129,476	7,438,548

The college was in its new premises as at 1 September 2016, the building has been professionally certified at cost by a Gleeds Advisory Ltd on 3 October 2016 at a value of £6,085,474. The land was donated from Wiltshire Council on completion of the newly built school and is valued in the accounts at the ESFA valuation of £1,255,546.

There is a charge registered in favour of the Secretary of State for Education on the land where Salisbury Sixth Form College is situated. In September 2018, the charge was satisfied by Salisbury Sixth Form College Academy Trust and a new charge registered to Magna Learning Partnership.

SALISBURY SIXTH FORM COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

12	Tangible fixed assets	(Continued)	
13	Debtors	2018	2017
		£	£
	VAT recoverable	-	9,403
	Other debtors	-	133,132
	Prepayments and accrued income	-	34,170
		<hr/>	<hr/>
		-	176,705
		<hr/>	<hr/>
14	Creditors: amounts falling due within one year	2018	2017
		£	£
	Trade creditors	-	161,991
	Other taxation and social security	-	17,521
	ESFA creditors - abatement of GAG	-	86,272
	Other creditors	-	25,949
	Accruals and deferred income	-	120,548
		<hr/>	<hr/>
		-	412,281
		<hr/>	<hr/>
15	Creditors: amounts falling due after more than one year	2018	2017
		£	£
	Government loans	-	290,000
	Deferred repayment of 2016/17 PNA	-	137,836
		<hr/>	<hr/>
		-	427,836
		<hr/>	<hr/>

SALISBURY SIXTH FORM COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

		(Continued)	
15	Creditors: amounts falling due after more than one year	2018	2017
	Analysis of loans		
	Not wholly repayable within five years by instalments	-	367,836
	Wholly repayable within five years	-	60,000
			<u>427,836</u>
	Less: included in current liabilities	-	-
			<u>427,836</u>
	Amounts included above	-	<u>427,836</u>
			<u>427,836</u>
	Loan maturity		
	Due in more than two years but not more than five years	-	60,000
	Due in more than five years	-	367,836
			<u>427,836</u>
			<u>427,836</u>

An interest-free repayable loan was agreed with the ESFA on 20 July 2017, £290,000 was advanced to the academy with repayments due to commence in September 2022 at £20,000 per annum. This is to increase to £30,000 per annum in September 2023 and to £40,000 in September 2024 for 6 years to September 2029. The academy have also negotiated a payment plan for the repayment of the Pupil Number Adjustment of £137,836 for the academic year 2015/16 which is due to commence in September 2020 with four annual payments of £30,000 and a final payment of £17,836 to clear the balance in September 2024.

Loan amounts outstanding as at 31st July 2018 have been transferred to Magna Learning Partnership.

16	Deferred income	2018 £	2017 £
	Deferred income is included within:		
	Creditors due within one year	-	16,323
			<u>16,323</u>
	Deferred income at 1 September 2017	16,323	29,148
	Released from previous years	(16,323)	(29,148)
	Resources deferred in the year	-	16,323
			<u>16,323</u>
	Deferred income at 31 August 2018	-	<u>16,323</u>

SALISBURY SIXTH FORM COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	112,756	1,023,260	(741,285)	(394,731)	-
Other DfE / ESFA grants	-	61,960	(47,137)	(14,823)	-
ESFA agreed repayment plan	(427,836)	-	-	427,836	-
Other restricted funds	-	1,609	(1,609)	-	-
Pension reserve	(104,000)	-	67,000	37,000	-
	<u>(419,080)</u>	<u>1,086,829</u>	<u>(723,031)</u>	<u>55,282</u>	<u>-</u>
Restricted fixed asset funds					
DfE group capital grants	7,438,548	16,353	(7,449,449)	(5,452)	-
	<u>7,438,548</u>	<u>16,353</u>	<u>(7,449,449)</u>	<u>(5,452)</u>	<u>-</u>
Total restricted funds	<u>7,019,468</u>	<u>1,103,182</u>	<u>(8,172,480)</u>	<u>49,830</u>	<u>-</u>
Unrestricted funds					
General funds	-	33,001	(20,171)	(12,830)	-
	<u>-</u>	<u>33,001</u>	<u>(20,171)</u>	<u>(12,830)</u>	<u>-</u>
Total funds	<u>7,019,468</u>	<u>1,136,183</u>	<u>(8,192,651)</u>	<u>37,000</u>	<u>-</u>

SALISBURY SIXTH FORM COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

(Continued)

The specific purposes for which the funds are to be applied are as follows:

Restricted General Funds are those which supplied for a specific duty and the funds spent only in accordance with the agreement or restriction placed upon each.

Restricted Fixed Asset Funds relate to the capital funding received for the construction of the new academy building.

Unrestricted Funds are all other source of income generated by the academy through trading or fundraising and to which no restrictions apply regarding the way they are spent.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG carried forward at 31 August 2018.

The trust is carrying a net deficit of £348,259 on restricted general funds (excluding pension reserve) due to; Pupil Number Adjustments from of £86,272 from 2015/16 and £137,836 from 2016/17. Dual running costs associated with the move to the building also added to the deficit. The lower than expected growth towards PAN has had many causes, but the delays to the move to the new building had an impact on recruitment of students. However, the results, growing reputation and OFSTED inspection now prove that S6C is an excellent A level option and the number of students recruited each year continues to grow.

The 2015/16 PNA was been repaid in September 2017 and 2016/17 PNA is to be repaid over an extended period as agreed in the support package. The Trust has taken many cost saving exercises in order to address the deficit issue, such as freezing salary scales and restricting any pay and progression, deferring recruitment of key staff, staff taking on responsibilities without management allowances, rationalising ICT expenditure and provision for asset replacement, enforcing periods of building closure during holidays to save resources, reducing planned expenditure on learning resources and equipment. The Trust continues to monitor expenditure closely.

SALISBURY SIXTH FORM COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

(Continued)

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant (GAG)	(483,999)	1,248,958	(1,105,249)	453,046	112,756
Other DfE / ESFA grants	-	48,611	(48,611)	-	-
ESFA agreed repayment plan	-	-	-	(427,836)	(427,836)
Other restricted funds	-	85	(85)	-	-
Pension reserve	(68,000)	-	(43,000)	7,000	(104,000)
	<u>(551,999)</u>	<u>1,297,654</u>	<u>(1,196,945)</u>	<u>32,210</u>	<u>(419,080)</u>
Restricted fixed asset funds					
DfE group capital grants	6,431,671	11,124	(261,838)	2,135	6,183,092
ESFA land donation	1,255,456	-	-	-	1,255,456
	<u>7,687,127</u>	<u>11,124</u>	<u>(261,838)</u>	<u>2,135</u>	<u>7,438,548</u>
Total restricted funds	<u>7,135,128</u>	<u>1,308,778</u>	<u>(1,458,783)</u>	<u>34,345</u>	<u>7,019,468</u>
Unrestricted funds					
General funds	-	79,472	(52,127)	(27,345)	-
Total funds	<u>7,135,128</u>	<u>1,388,250</u>	<u>(1,510,910)</u>	<u>7,000</u>	<u>7,019,468</u>

SALISBURY SIXTH FORM COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

(Continued)

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	(483,999)	2,272,218	(1,846,534)	58,315	-
Other DfE / ESFA grants	-	110,571	(95,748)	(14,823)	-
Other restricted funds	-	1,694	(1,694)	-	-
Pension reserve	(68,000)	-	24,000	44,000	-
	<u>(551,999)</u>	<u>2,384,483</u>	<u>(1,919,976)</u>	<u>87,492</u>	<u>-</u>
Restricted fixed asset funds					
DfE group capital grants	7,687,127	27,477	(7,711,287)	(3,317)	-
	<u>7,687,127</u>	<u>27,477</u>	<u>(7,711,287)</u>	<u>(3,317)</u>	<u>-</u>
Total restricted funds	<u>7,135,128</u>	<u>2,411,960</u>	<u>(9,631,263)</u>	<u>84,175</u>	<u>-</u>
Unrestricted funds					
General funds	-	112,473	(72,298)	(40,175)	-
	<u>-</u>	<u>112,473</u>	<u>(72,298)</u>	<u>(40,175)</u>	<u>-</u>
Total funds	<u>7,135,128</u>	<u>2,524,433</u>	<u>(9,703,561)</u>	<u>44,000</u>	<u>-</u>

18 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2018 are represented by:				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

SALISBURY SIXTH FORM COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

18 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	7,438,548	7,438,548
Current assets	-	453,361	71,676	525,037
Creditors falling due within one year	-	(340,605)	(71,676)	(412,281)
Creditors falling due after one year	-	(427,836)	-	(427,836)
Defined benefit pension asset	-	(104,000)	-	(104,000)
Total net assets	-	(419,080)	7,438,548	7,019,468

19 Pension and similar obligations

The academy trust'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 Wiltshire County Council. Both are multi-employer defined benefit schemes.

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

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation 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 on 9 June 2014.

SALISBURY SIXTH FORM COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Pension and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to the TPS in the period amounted to £ 92,500 (2017: £ 95,555).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are set out below for employers and 5.5-12.5% for employees. The estimated value of employer contributions for the forthcoming year is £32,000 (2017: £22,000).

The level of employer contributions for future years to assist in reducing the pension deficit are as follows:

Period (1 April - 31 March)	Employer Primary Contribution Rate
2018/2019	16.50%
2019/2020	19.90%

The 2016 tri-annual valuation contribution rates (above) target to pay for both benefits accruing and return the employer to a fully funded position over a period of 14 years.

The LGPS obligation relates to the employees of the academy trust who were employees transferred as part of the conversion from the maintained school (as described in note 24) together with new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

SALISBURY SIXTH FORM COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Pension and similar obligations

(Continued)

Total contributions made	2018 £	2017 £
Employer's contributions	23,000	17,000
Employees' contributions	10,000	9,000
Total contributions	33,000	26,000

Principal actuarial assumptions	2018 %	2017 %
Rate of increase in salaries	2.7	2.7
Rate of increase for pensions in payment/inflation	2.4	2.4
Discount rate for scheme liabilities	2.8	2.5

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

	2018 Years	2017 Years
Retiring today		
- Males	22.5	22.5
- Females	24.9	24.9
Retiring in 20 years		
- Males	24.1	24.1
- Females	26.7	26.7

Sensitivity Analysis

	Approximate % increase in employer liability	Approximate monetary amount (£000's)
0.5% decrease in Real Discount Rate	22%	51
1 year increase in member life expectancy	3-5%	7-12
0.5% increase in the Salary Increase Rate	0%	0
0.5% increase in the Pension Increase Rate	22%	51

Defined benefit pension scheme net asset/(liability)

Scheme assets	-	76,000
Scheme obligations	-	(180,000)
Net asset/(liability)	-	(104,000)

SALISBURY SIXTH FORM COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Pension and similar obligations

(Continued)

The academy trust's share of the assets in the scheme

	2018 Fair value £	2017 Fair value £
Equities	-	53,960
Bonds	-	10,640
Cash	-	1,520
Property	-	9,880
	<hr/>	<hr/>
Total market value of assets	-	76,000
	<hr/>	<hr/>

The actual return on scheme assets was £9,000 (2017: £8,000).

Amount recognised in the Statement of Financial Activities

	2018 £	2017 £
Current service cost	43,000	41,000
Interest income	(2,000)	(1,000)
Interest cost	5,000	3,000
	<hr/>	<hr/>
Total operating charge	46,000	43,000
	<hr/>	<hr/>

Changes in the present value of defined benefit obligations

	2018 £
At 1 September 2017	180,000
Transferred out on existing academies leaving the academy trust	(230,000)
Current service cost	66,000
Interest cost	5,000
Employee contributions	10,000
Actuarial gain	(30,000)
Benefits paid	(1,000)
	<hr/>
At 31 August 2018	-
	<hr/>

SALISBURY SIXTH FORM COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Pension and similar obligations

(Continued)

Changes in the fair value of the academy trust's share of scheme assets

	2018 £
At 1 September 2017	76,000
Transferred out on existing academies leaving the academy trust	(117,000)
Interest income	2,000
Actuarial gain	7,000
Employer contributions	23,000
Employee contributions	10,000
Benefits paid	(1,000)
At 31 August 2018	-

20 Reconciliation of net expenditure to net cash flow from operating activities

	2018 £	2017 £
Net expenditure for the reporting period (as per the Statement of Financial Activities)	(7,056,469)	(122,660)
Adjusted for:		
Net deficit on conversion to academy	6,821,073	-
Capital grants from DfE/ESFA and other capital income	(16,353)	(11,124)
Investment income receivable	(101)	(141)
Defined benefit pension costs less contributions payable	43,000	41,000
Defined benefit pension net finance cost	3,000	2,000
Depreciation of tangible fixed assets	161,541	261,838
Loss on disposal of fixed assets	11,028	-
Decrease in debtors	176,705	20,940
(Decrease) in creditors	(412,281)	(341,947)
Stocks, debtors and creditors transferred on conversion	342,807	-
Net cash provided by/(used in) operating activities	73,950	(150,094)

21 Commitments under operating leases

At 31 August 2018 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts due within one year	-	633

SALISBURY SIXTH FORM COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

22 Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and in accordance with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

During the year an invoice for £300 was received from WASP for a subscription. At the year end £1,380 (2017 £1,080) was payable to WASP which is shown in trade creditors, S Busby is a member of Salisbury Sixth Form College and also a trustee of WASP.

In entering into these transactions, the academy trust has complied with the requirements of the Academies Financial Handbook 2017.

23 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

24 Conversion into an existing academy

On 1 August 2018 the Salisbury Sixth Form College transferred into Magna Learning Partnership and all the operations and assets and liabilities were transferred at £nil consideration.

The transfer has been accounted for as a combination that is in substance a donation. The assets and liabilities transferred were valued at their fair value as at 31 October 2017 and have subsequently been derecognised in the Balance Sheet, with the net amount being recognised as a donation in the Statement of Financial Activities.

The following table sets out the fair values of the identifiable assets and liabilities transferred out of the charitable company and an analysis of their recognition in the Statement of Financial Activities:

	2018
Net assets transferred:	£
Freehold land and buildings	(7,162,720)
Other tangible fixed assets	(114,160)
Borrowing obligations	290,000
LGPS pension surplus/(deficit)	113,000
Funds balance	52,807
	<hr/>
	(6,821,073)
	<hr/>

SALISBURY SIXTH FORM COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

24 Conversion into an existing academy

(Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2018 £
Funds surplus/(deficit) transferred:				
Fixed assets funds	-	-	(7,276,880)	(7,276,880)
Budget funds	-	342,807	-	342,807
LGPS pension funds	-	113,000	-	113,000
	-	455,807	(7,276,880)	(6,821,073)