

**GATEWAY SIXTH FORM COLLEGE  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2018**

**GATEWAY SIXTH FORM COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2018**

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**GATEWAY SIXTH FORM COLLEGE**  
**KEY MANAGEMENT PERSONNEL,**  
**BOARD OF GOVERNORS AND PROFESSIONAL ADVISERS**  
**YEAR ENDED 31 JULY 2018**

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**Key management personnel**

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2017/18:

Martin Sim	Principal & Accounting officer (resigned November 2017)
James Bagley	Principal & Accounting officer (appointed November 2017)
	Vice Principal Curriculum (August 2017 to October 2017)
Hamid Ravat	Vice Principal Resources
Nicola Martin	Assistant Principal Students
Frances Rippin	Assistant Principal Teaching & Learning

**Board of Governors**

A full list of Governors are given on pages 8-9 of these financial statements.

Mr Robert Mansfield acted as Clerk to the Corporation throughout the period.

**Professional advisers**

**Financial statements auditors  
and reporting accountants**

RSM UK Audit LLP  
Chartered Accountants  
Rivermead House  
7 Lewis Court  
Grove Park  
Leicester  
Leicestershire  
LE19 1SD

**Internal auditors**

ICCA ETS  
McLaren Building  
46 The Priors  
Birmingham  
B4 7LR

**Bankers**

Lloyds Bank plc  
7 High Street  
Leicester  
LE1 9FS

**Solicitors**

HCB Solicitors  
17 Bowling Green Street  
Leicester  
LE1 6AS

**GATEWAY SIXTH FORM COLLEGE**  
**REPORT OF THE GOVERNING BODY**  
**YEAR ENDED 31 JULY 2018**

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**NATURE, OBJECTIVES AND STRATEGIES**

The members present their report and the audited financial statements for the year ended 31 July 2018.

**Legal status**

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

**Mission**

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

"Striving for excellence in education".

Gateway Sixth Form College prides itself on the maintenance and improvement of high standards and on the support, care and attention paid to meeting the needs of each individual student. Each student's course is individually negotiated and tailored to meet his or her needs within our pluralist, structured, caring and supportive environment. We aim to provide each student with the opportunity to do well and contribute to the well-being of others.

**Public Benefit**

Gateway Sixth Form College is an exempt charity under the Part 3 of the Charities Act 2011 and its principal regulator is the Secretary of State for Education for Sixth Form Colleges. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 8-9.

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

- High-quality teaching and learning experiences
- Widening participation and tackling social exclusion
- Strong student support systems
- Links with employers, industry and commerce
- Community use of College facilities
- Links with Local Enterprise Partnerships (LEPs)

The delivery of public benefit is covered throughout the Members report.

**Implementation of strategic plan**

The College's specific objectives for 2017/18 and achievement of those objectives is addressed below:

- recruitment of a target of 1,720 learners (1,346 actually recruited);
- increase widening participation of 'non-traditional' students;
- continue to improve student success rates;
- continue to improve student attendance levels;
- maintain and improve achievement outcomes in line with Ofsted benchmarking criteria;
- maintain and improve "value added" achievement using "ALPS" and DfE frameworks;
- maintain efficiency in terms of management, teaching and administrative structures.

# GATEWAY SIXTH FORM COLLEGE

## REPORT OF THE GOVERNING BODY *(continued)*

YEAR ENDED 31 JULY 2018

### Financial objectives

The College's overall financial objectives are to:

- achieve an annual operating surplus of 0.5% of income;
- maintain staff costs at or below 75% of income;
- pursue alternative sources of funding, on a selective basis, consistent with the College's core competencies, and the need for a financial contribution to the College's overall finances;
- maintain a current ratio of at least 2:1 and 30 cash days in hand; and
- fund continued capital investment

Achievement against these objectives is monitored throughout the year.

A series of performance indicators has been agreed to monitor the successful implementation of the policies.

### Performance indicators

The College is committed to observing the importance of sector measures and indicators and uses data available from relevant agencies which look at measures such as student success rates and financial benchmarks etc. The College is required to complete the annual Finance Record for the Education & Skills Funding Agency ("ESFA"). The College is assessed by the ESFA as having an "Outstanding" financial health grading for the current year.

### Key performance indicators 2017/2018 (source: July 2018 management accounts)

#### Profitability

Operating surplus	5.8%
Pay as % of income	66%

#### Liquidity

Cash Days in hand	125 days
Current ratio	1.8

#### Gearing

Borrowing as % of income	15%
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### FINANCIAL POSITION

#### Financial results

The College generated a surplus for the year of £24,000 (2016/17: £3,262,000), with total comprehensive income of £512,000 (2016/17: £3,379,000).

The College's underlying financial position, excluding asset disposals, FRS102 pension adjustments and staff restructuring costs, was a surplus of £495,000. The table below shows the College's underlying operating financial performance over the last 3 years:

	2017/18 £'000	2016/17 £'000	2015/16 £'000
Surplus for the year	24	3,262	25
Add: FRS102 pension adjustments	270	203	204
Add: Staff restructuring costs	201	182	-
Less: Profit on asset disposals	-	(4,030)	-
Underlying operating surplus/(deficit)	495	(383)	229

## **GATEWAY SIXTH FORM COLLEGE**

### **REPORT OF THE GOVERNING BODY *(continued)***

**YEAR ENDED 31 JULY 2018**

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#### **Financial results *(continued)***

The College has accumulated general reserves of £9,495,000 (2016/17: £8,983,000) and cash balances of £5,550,000 (2016/17: £2,687,000). The year end cash balance includes £2,631,000 relating to land sale receipts received in June 2018 which was repaid to the funding body after the year end in August 2018. The College wishes to continue to retain reserves and cash balances in order to maintain its financial viability.

Fixed asset additions during the year amounted to £307,000 (2016/17: £201,000). This was split between land and buildings additions of £104,000 and equipment purchased of £203,000.

The College has significant reliance on education sector funding bodies for its funding, particularly from recurrent grants. In 2017/18 the funding bodies provided 98% of total income.

#### **Treasury policies and objectives**

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

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation.

#### **Cash flows and liquidity**

At £650,000 (2016/17: £97,000) operating cash inflow was good and there was an overall net cash inflow of £2,863,000 (2016/17: cash outflow of £99,000) during the year. The net cash inflow for the year includes £2,631,000 relating to land sale receipts received in June 2018 which is repayable to the funding body. Net debt has been reduced in the year.

The size of the College's total borrowing and its approach to interest rate management have been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cashflow. During the year this strategy was effectively managed.

### **CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE**

#### **Student numbers**

In 2017/18 the College has delivered activity that has produced £7,857,000 (2016/17: £7,646,000) in funding body main allocation recurrent funding. The College had 1,719 funded students (2016/17: 1,614).

#### **Student achievements**

Students continue to achieve at the College. Success rates significantly improved during the year and were 87% in 2017/18 (2016/17: 79%).

#### **Curriculum developments**

The College has a good reputation for curriculum innovation and change. It has introduced new courses in many areas of the curriculum in order to meet student needs better. A particular strength is in making students ready for the next stage in their lives. A broadened range of curriculum opportunities has led to more students studying vocational qualifications at level two and three.

The College has successfully implemented the requirement to ensure learners without a GCSE in Maths or English are enrolled on an appropriate qualification in these two key subjects. Traineeship and supported internship courses continue to meet the needs of learners with low prior educational attainment levels.

# **GATEWAY SIXTH FORM COLLEGE**

## **REPORT OF THE GOVERNING BODY *(continued)***

**YEAR ENDED 31 JULY 2018**

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### **Payment performance**

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. The College incurred no interest charges in respect of late payment for this period.

### **Ofsted inspection**

In January 2018 the College was inspected by Ofsted. The inspection report was published in February 2018 and the College was given an overall "Requires Improvement" rating. The College has developed a robust action plan to address the points raised in the inspection. Student academic results since the inspection indicate that the College is making reasonable or significant progress across the various original objectives in the agreed action plan.

### **Future prospects**

Income for 2018/19 has been confirmed at £5,985,000 for 16-18 year olds. Under the current funding methodology, the adult 19+ funding element is subject to in-year monitoring and potential clawback arrangements.

Since 2016 the College has experienced a significant decline in student numbers which have decreased from 1,700 to 1,200 learners. In order to establish its long term operational viability, the College has agreed to participate in an FE Commissioner led Strategic Prospects Appraisal ("SPA"). The results of the SPA will be evaluated to determine the future strategic direction of the College.

## **RESOURCES**

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

Tangible resources currently include the College campus. The College also invests considerable amounts in IT and other equipment to meet the needs of learners and staff.

### **Financial**

The College has £9.5 million of net assets and long term debt of £1.3 million.

### **People**

The College employs 139 people (expressed as full time equivalents), of whom 74 are teaching staff.

### **Reputation**

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

## **PRINCIPAL RISKS AND UNCERTAINTIES**

### **Risks and controls**

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

The Audit Committee undertakes a comprehensive review of the risks to which the College is exposed. The committee scrutinises specific actions which should mitigate any potential impact on the College. The internal controls are then implemented and subsequent appraisal review their effectiveness and progress against risk mitigation actions. The Audit Committee also consider any risks which may arise as a result of new areas of work being undertaken by the College.

**GATEWAY SIXTH FORM COLLEGE**  
**REPORT OF THE GOVERNING BODY *(continued)***  
**YEAR ENDED 31 JULY 2018**

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**Risks and controls *(continued)***

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

**Key risks**

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

**1. Government funding**

The College has considerable reliance on continued government funding through the education sector funding bodies. In 2017/18, 98% of the College's revenue was public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of a key issue which may impact on future funding:

- The demand led funding system applies a series of factors such as guided learning hours and retention rates to calculate an amount of funding to be received for each learner. Such funding cannot be guaranteed though.

This risk is mitigated in a number of ways:

- Ensuring the College is rigorous in delivering high quality education and training
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding
- Regular dialogue with local and regional funding bodies

**2. Maintain adequate funding of pension liabilities**

The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS102.

**STAKEHOLDER RELATIONSHIPS**

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

- Students;
- Education sector funding bodies;
- Further Education Commissioner;
- Staff;
- Local employers (with specific links);
- Local Authorities;
- Government Offices/ Regional Development Agencies;
- The local community;
- Other FE institutions;
- Trade unions;
- Professional bodies.

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



## GATEWAY SIXTH FORM COLLEGE

### REPORT OF THE GOVERNING BODY *(continued)*

YEAR ENDED 31 JULY 2018

#### Equal opportunities and employment of disabled persons

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, religious belief, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis. The College's Equality policy is published on the College's website.

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

#### Trade union facility time

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

Numbers of employees who were relevant officials during the period	FTE employee number
Three	0.15

Percentage of time	Number of employees
0%	0
1-50%	3
51-99%	0
100%	0

Total cost of facility time	£6k
Total pay bill	£5,586K
Percentage of total pay bill spent on facility time	0.1%

Time spent on paid trade union activities as a percentage of total paid facility time	100%
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#### Disability statement

The College seeks to achieve the objectives set down in the Equality Act 2010 and in particular makes the following commitments:

- All College buildings and facilities in the Campus are accessible to people with a disability;
- There is specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available. The admissions policy for all students is described in the College Charter;
- The College has made a significant investment in the appointment of specialist teachers to support students with learning difficulties and/or disabilities. Learning support assistants also provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities;
- Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format; and
- Counselling, mentoring and welfare services are described in the College Charter.

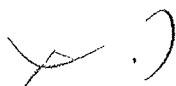
**GATEWAY SIXTH FORM COLLEGE**  
**REPORT OF THE GOVERNING BODY** *(continued)*  
**YEAR ENDED 31 JULY 2018**

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**Disclosure of information to auditors**

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

Approved by order of the members of the Corporation on 18 December 2018 and signed on its behalf by:



.....  
**J Kirk**  
Chair

## GATEWAY SIXTH FORM COLLEGE

### STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

**YEAR ENDED 31 JULY 2018**

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2017 to 31 July 2018 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership); and
- ii. having due regard to the UK Corporate Governance Code 2016 ("the Code") insofar as it is applicable to the further education sector

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

In the opinion of the Governors, the College complies with the provisions of the Code, and it has complied throughout the year ended 31 July 2018. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of the Code of Good Governance to English Colleges issued by the Association of Colleges in March 2015.

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

#### **The Corporation**

The members who served the Corporation during the year ended 31 July 2018 and up to the date of signature of this report were:

Name	Date of Appointment (Number of previous terms)	Term of Office	Date of Resignation	Status of Appointment	Committees Served	Attendance
Mr J Bagley	November 2017	Tenure as Principal		Principal	Board Search Standards & Quality FS&GP Student Affairs	100%
Ms N Cuffy	Oct 2016 Reappointed (2)	4 Years		Independent	Board Audit Standards & Quality	93%
Ms S Gannon	Nov 2014	4 Years	July 2018	Staff	Board Student Affairs	90%
Mr H Hadani	Dec 2017 Reappointed (2)	4 Years		Independent	Board Chair: Audit	70%
Ms P Hamer	Sept 2017	4 Years		Staff	Board FS&GP	77%
Mr S Holderness	Mar 2015 Reappointed (3)	4 Years		Independent	Board (Vice Chair) Search FS&GP (Chair)	95%

# GATEWAY SIXTH FORM COLLEGE

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

YEAR ENDED 31 JULY 2018

### The Corporation (continued)

Name	Date of Appointment (Number of previous terms)	Term of Office	Date of Resignation	Status of Appointment	Committees Served	Attendance
Mr J Kirk	Mar 2015 Reappointed (4)	4 Years		Independent	Chair: Board Standards & Quality (Chair) Search (Chair) Student Affairs (Chair)	91%
Mr R Laher	March 2017	4 Years		Independent	Board Standards & Quality	45%
Ms M Moore	March 2014 Reappointed (3)	4 Years	Feb 2018	Independent	Board Standards & Quality Audit	83%
Ms O Moyo	Nov 2017	Tenure as Student		Student	Board Student Affairs	56%
Ms J Rossa	July 2017	4 Years		Independent	Board	67%
Mr M Sim	March 2017	Tenure as Principal	November 2017	Principal	Board Search Standards & Quality FS&GP Student Affairs	100%
Mr H Solanki	Jan 2015	4 Years		Parent	Board Student Affairs FS&GP	69%
Ms A Touseef	Nov 2016	Tenure as Student		Student	Board Student Affairs	70%
Mr R Wood	March 2017	4 Years	Sept 2018	Independent	Board	11%

(FS&GP – Finance, Staffing & General Purposes)  
(Search – Search & Remuneration)

Mr R Mansfield acts as Clerk to the Corporation.

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets at least once each term.

The Clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is available for inspection from the College.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are standards & quality,

## **GATEWAY SIXTH FORM COLLEGE**

### **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL**

*(continued)*

**YEAR ENDED 31 JULY 2018**

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#### **The Corporation *(continued)***

search & remuneration, audit, student affairs and finance, staffing & general purposes. An appeals committee is convened when required to hear appeals against disciplinary and other decisions of the Principal. Full minutes of meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation (at 17 Colin Grundy Drive, Leicester, LE5 1GA) and published on the College website (at [www.gateway.ac.uk](http://www.gateway.ac.uk)). Formal agendas, papers and reports are supplied to governors in a timely manner, prior to committee and Board meetings. Briefings are also provided on an ad-hoc basis.

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

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

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

#### **Appointments to the Corporation**

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a search committee, consisting of three members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation (other than the principal) are appointed for a term of office not exceeding 4 years.

#### **Corporation performance**

The Corporation sets key performance indicators in respect of governance, financial, quality assurance and resource monitoring. A report is produced annually to demonstrate performance against these key indicators. The Corporation has a strong record of achieving key performance targets.

#### **Search & Remuneration committee**

Throughout the year ended 31 July 2018 the College's search & remuneration committee comprised the Chair and three members of the Corporation.

The committee's responsibilities include making recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior post-holders.

Details of remuneration for the year ended 31 July 2018 are set out in note 6 to the financial statements.

#### **Audit committee**

The audit committee comprises three members of the Corporation (excluding the Accounting Officer and Chair). The committee operates in accordance with written terms of reference approved by the Corporation.

The audit committee meets on a termly basis and provides a forum for reporting by the College's internal and financial statements auditors, who have access to the committee for independent discussion –

## GATEWAY SIXTH FORM COLLEGE

### STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

*(continued)*

YEAR ENDED 31 JULY 2018

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**Audit committee** *(continued)*

without the presence of College management. The committee also receives and considers reports from main funding bodies as they affect the College's business.

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

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

The audit committee also advises the Corporation on the appointment of internal and financial statement auditors and their remuneration for both audit and non-audit work.

## GATEWAY SIXTH FORM COLLEGE

### STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

*(continued)*

YEAR ENDED 31 JULY 2018

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#### Internal control

##### *Scope of responsibility*

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

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

##### *The purpose of the system of internal control*

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Gateway Sixth Form College for the year ended 31 July 2018 and up to the date of approval of the annual report and financial statements.

##### *Capacity to handle risk*

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ended 31 July 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Corporation.

##### *The risk and control framework*

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

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

## GATEWAY SIXTH FORM COLLEGE

### STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

*(continued)*

YEAR ENDED 31 JULY 2018

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#### Internal control *(continued)*

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

#### *Review of effectiveness*

The Accounting Officer has responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is informed by:

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

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

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the audit committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The audit committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the audit committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its October 2018 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2018 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2018.

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



## GATEWAY SIXTH FORM COLLEGE

### STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL *(continued)*

YEAR ENDED 31 JULY 2018

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#### Going concern

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. The College's forecasts and financial projections indicate that it will be able to operate within its existing facilities and loan covenants for the foreseeable future. Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Approved by order of the members of the Corporation on 18 December 2018 and signed on its behalf by:



.....  
J Kirk, Chair



.....  
J Bagley, Accounting Officer

**GATEWAY SIXTH FORM COLLEGE**  
**GOVERNING BODY'S STATEMENT ON THE COLLEGE'S REGULARITY,  
PROPRIETY AND COMPLIANCE WITH FUNDING BODY TERMS AND  
CONDITIONS OF FUNDING**

**YEAR ENDED 31 JULY 2018**

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The Corporation has considered its responsibility to notify the Education & Skills Funding Agency of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the College's grant funding agreements and contracts with ESFA. As part of our consideration we have had due regard to the requirements of the grant funding agreements and contracts with the ESFA.

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

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



.....  
J Kirk, Chair



.....  
J Bagley, Accounting Officer

Date 18 December 2018

**GATEWAY SIXTH FORM COLLEGE**  
**STATEMENT OF THE RESPONSIBILITIES OF**  
**THE MEMBERS OF THE CORPORATION**

**YEAR ENDED 31 JULY 2018**

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

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

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

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

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

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

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

Approved by order of the members of the Corporation on 18 December 2018 and signed on its behalf by:



**J Kirk**  
Chair

# **INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF GATEWAY SIXTH FORM COLLEGE**

**YEAR ENDED 31 JULY 2018**

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## **Opinion**

We have audited the financial statements of Gateway Sixth Form College (the "College") for the year ended 31 July 2018 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in reserves, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

## **In our opinion the financial statements:**

- give a true and fair view of the state of the College's affairs as at 31 July 2018 and of the College's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

## **Basis for opinion**

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

## **Conclusions relating to going concern**

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

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

## **Other information**

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

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

We have nothing to report in this regard.

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

YEAR ENDED 31 JULY 2018

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## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2017 to 2018 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

## **Responsibilities of the Corporation of Gateway Sixth Form College**

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 16, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditor's responsibilities for the audit of the financial statements**

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

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

## **Use of our report**

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

*RSM UK Audit LLP*

RSM UK AUDIT LLP  
Chartered Accountants  
Rivermead House  
7 Lewis Court  
Grove Park  
Enderby  
Leicestershire  
LE19 1SD

Date: 19/12/18

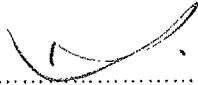
**GATEWAY SIXTH FORM COLLEGE**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**YEAR ENDED 31 JULY 2018**


	Note	2018 £'000	2017 £'000
<b>Income</b>			
Funding body grants	3	8,440	8,120
Other grants		19	30
Other income	4	108	95
Investment income	5	12	18
<b>Total income</b>		<u>8,579</u>	<u>8,263</u>
<b>Expenditure</b>			
Staff costs	6	5,866	6,172
Restructuring costs	6	201	182
Other operating expenses	7	1,511	1,733
Depreciation	10	858	829
Interest and other finance costs	9	119	115
<b>Total expenditure</b>		<u>8,555</u>	<u>9,031</u>
<b>Surplus/(deficit) before other gains and losses</b>		24	(768)
Profit on disposal of tangible fixed assets		-	4,030
<b>Surplus before tax</b>		<u>24</u>	<u>3,262</u>
Taxation	8	-	-
<b>Surplus for the year</b>		<u>24</u>	<u>3,262</u>
Remeasurement of defined benefit pension liability		488	117
<b>Total comprehensive income for the year</b>		<u><u>512</u></u>	<u><u>3,379</u></u>

**GATEWAY SIXTH FORM COLLEGE**  
**BALANCE SHEET**  
**AS AT 31 JULY 2018**

	Note	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Tangible assets	10	27,299	27,850
<b>Current assets</b>			
Debtors	11	72	2,740
Cash at bank and in hand		5,550	2,687
		<u>5,622</u>	<u>5,427</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	12	(3,819)	(3,839)
		<u>1,803</u>	<u>1,588</u>
<b>Net current assets</b>			
		29,102	29,438
<b>Total assets less current liabilities</b>			
Creditors: amounts falling due after one year	13	(17,544)	(18,174)
<b>Provision for liabilities</b>			
Defined benefit pension scheme	14	(2,063)	(2,281)
<b>Total net assets</b>		<u>9,495</u>	<u>8,983</u>
<b>Reserves</b>			
<b>Unrestricted Reserves</b>			
Income and expenditure reserve		9,495	8,983
<b>Total reserves</b>		<u>9,495</u>	<u>8,983</u>

The financial statements on pages 19 to 40 were approved, and authorised for issue by the Corporation on 18 December 2018 and were signed on its behalf by:

  
 .....  
 J Kirk  
 Chair

  
 .....  
 J Bagley  
 Accounting Officer

**GATEWAY SIXTH FORM COLLEGE**  
**STATEMENT OF CHANGES IN RESERVES**  
**YEAR ENDED 31 JULY 2018**

	Income and Expenditure Reserve £'000	Revaluation Reserve £'000	Total £'000
<b>Balance at 1 August 2016</b>	5,394	210	5,604
Surplus for the year	3,262	-	3,262
Disposal of revalued asset	210	(210)	-
Other comprehensive income	117	-	117
<b>Total comprehensive income for the year</b>	<b>3,589</b>	<b>(210)</b>	<b>3,379</b>
<b>Balance at 31 July 2017</b>	8,983	-	8,983
Surplus for the year	24	-	24
Other comprehensive income	488		488
<b>Total comprehensive income for the year</b>	<b>512</b>	<b>-</b>	<b>512</b>
<b>Balance at 31 July 2018</b>	<b>9,495</b>	<b>-</b>	<b>9,495</b>



**GATEWAY SIXTH FORM COLLEGE**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED 31 JULY 2018**

	Note	2018 £'000	2017 £'000
<b>Operating activities</b>			
Cash generated from operations	15	650	97
<b>Net cash from operating activities</b>		<u>650</u>	<u>97</u>
<b>Investing activities</b>			
Interest received	5	12	18
Purchase of tangible fixed assets	10	(307)	(201)
Proceeds from sale of fixed assets		2,654	1,592
		<u>2,359</u>	<u>1,409</u>
<b>Financing activities</b>			
Interest paid	9	(55)	(58)
Repayments of borrowings: bank loan		(91)	(87)
Repayments of borrowings: ESFA capital project loan		-	(1,460)
		<u>(146)</u>	<u>(1,605)</u>
<b>Increase/(decrease) in cash and cash equivalents in the year</b>		<u>2,863</u>	<u>(99)</u>
<b>Cash and cash equivalents at beginning of the year</b>		<u>2,687</u>	<u>2,786</u>
<b>Cash and cash equivalents at end of the year</b>		<u>5,550</u>	<u>2,687</u>

Cash and cash equivalents at the end of the year include land sale receipts of £2.6million that was used to repay the capital project loan after the year end in August 2018.

**GATEWAY SIXTH FORM COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2018**

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**1 Accounting policies**

*General information*

Gateway Sixth Form College is a corporation established under The Further and Higher Education Act 1992 as an English Sixth Form College. The address of the College's principal place of business is given on page 9. The nature of the College's operations are set out in the Report of the Governing Body.

*Basis of preparation*

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP), the College Accounts Direction for 2017 to 2018 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

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

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

*Basis of accounting*

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition under previous transitional rules set out in FRS15 (Tangible Fixed Assets) for certain fixed assets.

*Going concern*

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Report of the Governing Body. The financial position of the College, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying notes. The College currently has £1.3million of loans outstanding with bankers on terms negotiated in 2007. The terms of the existing agreement are for 20 years. The College's forecasts and financial projections indicate that it will be able to operate within its existing facilities and covenants for the foreseeable future. Accordingly the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

**GATEWAY SIXTH FORM COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 31 JULY 2018**

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**1 Accounting policies** *(continued)*

*Recognition of income*

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

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

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

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

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

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

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

*Stocks*

The College has a minimal value of items in stock, which generally remains constant throughout the period. As such the College has chosen to write off the cost of the purchases as an expense in the period in which they are incurred.

*Short term Employment benefits*

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College.

**GATEWAY SIXTH FORM COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 31 JULY 2018**

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**1 Accounting policies** *(continued)*

*Retirement benefits*

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

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by The Government Actuary on the basis of valuations using a projected unit method. The TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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

*Tangible fixed assets*

Tangible fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

**GATEWAY SIXTH FORM COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 31 JULY 2018**

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**1 Accounting policies** *(continued)*

a) *Land and buildings*

Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College, which is between 25 and 50 years.

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

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

b) *Subsequent expenditure on existing fixed assets*

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

c) *Equipment*

Equipment costing less than £500 per individual item, unless part of a larger project, is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Equipment is depreciated over its useful economic life on a straight line basis at the following rates:

General equipment	-	10% to 33%
Computer equipment	-	20% to 33%

Where equipment is acquired with the aid of a specific grant it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred income account within creditors and released to the income and expenditure account over the expected useful economic life of the equipment.

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

d) *Impairments of fixed assets*

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

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

**GATEWAY SIXTH FORM COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 31 JULY 2018**

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**1 Accounting policies** *(continued)*

*Leased assets*

All leases are operating leases. Costs in respect of operating leases are charged to comprehensive income on a straight line basis over the lease term.

*Borrowing costs*

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

*Financial Instruments*

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

*Financial assets and liabilities*

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

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

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

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

*Taxation*

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

The College receives no similar exemption in respect of value added tax. For this reason the College is generally unable to recover input VAT it suffers on goods and services purchased. Non-pay expenditure is therefore shown inclusive of VAT with any partial recovery netted off against these figures.

**GATEWAY SIXTH FORM COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 31 JULY 2018**

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**1 Accounting policies** *(continued)*

*Provisions*

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

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

*Agency arrangements*

The College acts as an agent in the collection and payment of bursary and student support funds. Related payments received from funding bodies and subsequent disbursements to students are excluded from the Statement of Comprehensive Income and are shown separately in Note 21, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant.

**2 Critical Accounting Judgements and Estimation Uncertainty**

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

*Critical areas of judgement*

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

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

*Critical accounting estimates and assumptions*

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 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 July 2018. Any differences

**GATEWAY SIXTH FORM COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 31 JULY 2018**

**2 Critical Accounting Judgements and Estimation Uncertainty** *(continued)*

between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

- *Impairment of fixed assets*

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

**3 Funding body grants**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Recurrent grants:		
- ESFA 16-18 funding	7,673	7,406
- ESFA Adult funding	83	71
- Local Authority	107	169
	<u>7,863</u>	<u>7,646</u>
Specific grants:		
Maintenance grant	41	41
Releases of government capital grants	536	433
<b>Total</b>	<u><u>8,440</u></u>	<u><u>8,120</u></u>

**4 Other income**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Other income generating activities	43	50
Miscellaneous income	65	45
	<u>108</u>	<u>95</u>

**5 Investment income**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Other interest receivable	12	18
	<u>12</u>	<u>18</u>



**GATEWAY SIXTH FORM COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 31 JULY 2018**

**6 Staff costs and key management personnel remuneration**

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

	<b>2018</b>	<b>2017</b>
	<b>Number</b>	<b>Number</b>
Teaching staff	74	78
Non teaching staff	65	70
	<u>139</u>	<u>148</u>

Staff costs for the above persons:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	4,347	4,598
Social security costs	415	433
Other pension costs	824	788
<b>Payroll Sub-Total</b>	<u>5,586</u>	<u>5,819</u>
Contracted out staffing services	280	353
Restructuring costs – contractual	148	182
Restructuring costs – non contractual	53	-
<b>Total Staff costs</b>	<u>6,067</u>	<u>6,354</u>

**Key management personnel compensation**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Leadership Team which comprises the Principal, Vice Principal and two Assistant Principals.

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

	<b>2018</b>	<b>2017</b>
	<b>Number</b>	<b>Number</b>
The number of key management personnel including the Accounting Officer was	<u>5</u>	<u>5</u>

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

**Key management personnel**

	<b>2018</b>	<b>2017</b>
	<b>Number</b>	<b>Number</b>
£40,001 to £50,000	-	1
£50,001 to £60,000	2	-
£60,001 to £70,000	1	3
£80,001 to £90,000	1	-
£90,001 to £100,000	1	1
	<u>5</u>	<u>5</u>

**GATEWAY SIXTH FORM COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 31 JULY 2018**

**6 Staff costs and key management personnel remuneration** *(continued)*

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
Key management personnel (including the Accounting Officer) emoluments are made up as follows:		
Salaries	312	326
Benefits in kind	5	7
National insurance	39	41
Pension contributions	48	48
Total emoluments	<u>404</u>	<u>422</u>

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

The Principal and Accounting Officer is the highest paid member of the Key Management Personnel. Martin Sim resigned as Principal in November 2017, and James Bagley was appointed as Principal in November 2017.

James Bagley's emoluments as Principal during the period November 2017 to July 2018 were as follows:

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
Salaries	71	96
Benefits in kind	-	1
Pension contributions	12	16
Total emoluments	<u>83</u>	<u>113</u>

(The comparative figures for 2016/17 reflect the remuneration of Suzanne Overton-Edwards)

Martin Sim served as Interim Principal and Accounting Officer until November 2017, and his emoluments during the period August 2017 to November 2017 were as follows:

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
Salaries	32	38
Benefits in kind	5	5
Pension contributions	-	-
	<u>37</u>	<u>43</u>

The Members of the Corporation other than the Accounting Officer, Chair and staff members did not receive any payment other than the reimbursement of travelling expenses incurred in the performance of their duties. These are set out in note 20.

The Accounting Officer and the staff members only receive remuneration in respect of services they provide undertaking their roles of principal and staff members under contracts of employment and not in respect of their roles as governors.

**GATEWAY SIXTH FORM COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 31 JULY 2018**

**6 Staff costs and key management personnel remuneration** *(continued)*

Due to exceptional demands upon the Chair's time commitment arising from the "Inadequate" Ofsted grade in October 2016, and the Area Review process, the College's Board approved the remuneration of the Chair. Approval was obtained from the Charities Commission and advice was received from the reporting accountant on regularity before payments were made. The Chair was remunerated at a daily rate of £500 per day, and payments were processed via the College's payroll bureau. A termly limit of £10,000 was in place. Remuneration of £10,125 (2016/17: £21,000) was paid to the Chair during the year. No other Governor has received any remuneration or waived payments from the College during the year (2016/17: £nil).

**7 Other operating expenses**

	2018 £'000	2017 £'000
Teaching costs	228	365
Non teaching costs	700	776
Premises costs	583	592
	1,511	1,733

The surplus before taxation is stated after charging:

Auditors' remuneration		
- financial statements audit	13	13
- other services provided by the financial statements auditor	1	1
- internal audit	8	8
Hire of other assets – operating leases	25	23
	47	45

**8 Taxation**

The members do not believe the College was liable for any corporation tax arising out of its activities during this year, or the previous year.

**9 Interest payable and other finance costs**

	2018 £'000	2017 £'000
Interest on bank loans	55	58
Net interest on defined benefit pension liability (note 19)	64	57
	119	115

**GATEWAY SIXTH FORM COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 31 JULY 2018**

**10 Tangible fixed assets**

	Freehold land and buildings £'000	Equipment £'000	Total £'000
<b>Cost or valuation</b>			
At 1 August 2017	31,778	3,027	34,805
Additions	104	203	307
Disposals	-	(147)	(147)
At 31 July 2018	31,882	3,083	34,965
<b>Depreciation</b>			
At 1 August 2017	4,446	2,509	6,955
Charge for the year	567	291	858
Disposals	-	(147)	(147)
At 31 July 2018	5,013	2,653	7,666
<b>Net book value</b>			
At 31 July 2018	26,869	430	27,299
At 31 July 2017	27,332	518	27,850

Tangible fixed assets with a net book value of £16,854,000 (2016/17: £17,390,000) have been financed by Exchequer funds through for example, the receipt of capital grants. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum, to surrender the proceeds.

If inherited fixed assets had not been revalued before being deemed as cost on transition they would have been included at a historical cost of £nil.

**11 Debtors**

	2018 £'000	2017 £'000
Amounts falling due within one year:		
Trade debtors	6	-
Other debtors	-	2
Prepayments and accrued income	66	84
Land sale debtor	-	2,654
	72	2,740

The land sale debtor from 2017 represents the 60% of sale proceeds due from the sale of the College's former playing fields in June 2017. This debtor was paid in June 2018.

**GATEWAY SIXTH FORM COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 31 JULY 2018**

**12 Creditors: amounts falling due within one year**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Bank loan	94	91
Trade creditors	102	125
Taxation and social security	175	184
Accruals	67	140
Amount owed to funding bodies	176	84
Other creditors	38	25
Government grants (capital)	536	536
Amounts owed to funding bodies: capital project loan	2,631	2,654
	<u>3,819</u>	<u>3,839</u>

The capital project loan is payable to the Education & Skills Funding Agency. It will be repaid from the second instalment of land sale proceeds, which was received in June 2018. The capital project loan was repaid to the ESFA after the year end in August 2018.

**13 Creditors: amounts falling after one year**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Bank loan	1,226	1,320
Government grants (capital)	16,318	16,854
	<u>17,544</u>	<u>18,174</u>

The bank loan is repayable as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
In one year or less	94	91
Between one and two years	102	94
Between two and five years	326	318
In five years or more	798	908
	<u>1,320</u>	<u>1,411</u>

The bank loan comprises a series of loan tranches that attract fixed and variable rate interest charges and is repayable by instalments maturing in 2029. Approximately £1.0 million of the term loan incurs fixed interest charges of around 5%, and interest at LIBOR plus 0.32% is payable on the remaining loan. The loan is unsecured and covered by a "negative pledge" undertaking.

**GATEWAY SIXTH FORM COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 31 JULY 2018**

**14 Provision for liabilities**

	Defined benefit pension scheme obligations (note 19) £'000
At 1 August 2017	2,281
Amounts utilised	(200)
Additions in period charged to income and expenditure account	(18)
	<hr/>
<b>At 31 July 2018</b>	<b>2,063</b> <hr/>

**15 Notes to the cash flow statement**

	2018 £'000	2017 £'000
<b>Surplus after tax for the year</b>	24	3,262
Adjustment for:		
Depreciation	858	829
Investment income	(12)	(18)
Interest payable	55	58
Pension costs less contributions payable	270	203
Profit on disposal of fixed assets	-	(4,030)
	<hr/>	<hr/>
Operating cash flow before movements in working capital	1,195	304
Decrease in debtors	14	140
Decrease in creditors	(559)	(347)
	<hr/>	<hr/>
<b>Cash generated from operations</b>	<b>650</b>	<b>97</b>

**16 Financial instruments**

	2018 £'000	2017 £'000
The College has the following financial instruments:		
<b>Financial assets</b>		
Debt instruments measured at amortised cost	<hr/> 6	<hr/> 2,656
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<hr/> 4,334	<hr/> 4,439

**GATEWAY SIXTH FORM COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 31 JULY 2018**

**17 Commitments under operating leases**

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

	2018 £'000	2017 £'000
Not later than one year	21	21
Between one and five years	<u>27</u>	<u>31</u>
	48	52

**18 Capital commitments**

At 31 July, the College had capital commitments as follows:

	2018 £'000	2017 £'000
Contracts for future capital expenditure not provided	13	261

**19 Retirement benefits**

The College's employees belong to two principal post-employment benefit schemes, the Teachers' Pension Scheme (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff which is managed by Leicestershire County Council. Both schemes are defined benefit and multi-employer schemes.

**Total pension cost for the year**

	2018 £'000	2017 £'000
Teachers Pension Scheme: contributions paid	418	439
Local Government Pension Scheme:		
Contributions paid	200	203
FRS102 (28) charge	<u>206</u>	<u>146</u>
	406	349
Total pension cost for the year within staff costs (note 6)	<u>824</u>	<u>788</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016. There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

**GATEWAY SIXTH FORM COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 31 JULY 2018**

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**19 Retirement benefits** *(continued)*

**Teachers' Pension Scheme**

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

**Valuation of the Teachers' Pension Scheme**

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

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

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £191.5 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £176.6 billion
- Notional past service deficit of £14.9 billion
- Assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings
- Rate of real earnings growth is assumed to be 2.75%
- Assumed nominal rate of return is 5.06%

The employer contribution rate was 16.48% (including a 0.08% administration fee). The employer contribution rate will be payable until the results of the next valuation as at March 2017 are evaluated, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019.

The pension costs paid to TPS in the year amounted to £418,000 (2017: £439,000).

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



**GATEWAY SIXTH FORM COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 31 JULY 2018**

**19 Retirement benefits** *(continued)*

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by Leicestershire County Council Pension Fund. The total contribution made for the year ended 31 July 2018 was £265,000, of which employer's contributions totalled £200,000 and employees' contributions totalled £65,000. The agreed contribution rate for the current year is 20.1% for employers and range from 5.5% to 12.5% for employees, depending on salary.

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

**Principal Actuarial Assumptions**

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2018 by a qualified independent actuary.

	<b>2018</b>	<b>2017</b>
Rate of increase in salaries	3.4%	3.4%
Future pensions increases	2.4%	2.4%
Discount rate	2.8%	2.7%

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

	<b>2018</b>	<b>2017</b>
	Years	Years
<i>Retiring today</i>		
Males	22.1	22.1
Females	24.3	24.3
<i>Retiring in 20 years</i>		
Males	23.8	23.8
Females	26.2	26.2

The College's share of the assets in the plan at the balance sheet date were:-

	<b>Fair value of assets</b>	
	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Equity instruments	3,394	3,258
Debt instruments	1,478	973
Property	493	389
Cash	109	243
Total fair value of plan assets	<u>5,474</u>	<u>4,863</u>
Actual return on plan assets	<u>428</u>	<u>506</u>

**GATEWAY SIXTH FORM COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 31 JULY 2018**

**19 Retirement benefits** *(continued)*

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

	2018 £'000	2017 £'000
Current service cost	406	349
Net interest on the net defined benefit pension liability	64	57
<b>Total</b>	<u>470</u>	<u>406</u>

**Changes in the present value of defined benefit obligations**

	2018 £'000	2017 £'000
Defined benefit obligation at start of period	7,144	6,343
Current service cost	406	349
Interest cost	198	163
Employee contributions	65	71
Actuarial (gain)/loss	(194)	283
Benefits paid	(82)	(65)
<b>Defined benefit obligation at end of period</b>	<u>7,537</u>	<u>7,144</u>

	2018 £'000	2017 £'000
<b>Changes in fair value of plan assets</b>		
Fair value of plan assets at start of period	4,863	4,148
Interest income	134	106
Return on plan assets (excluding net interest on the net defined benefit liability)	294	400
Employer contributions	200	203
Contributions by Scheme participants	65	71
Benefits paid	(82)	(65)
<b>Fair value of plan assets at end of period</b>	<u>5,474</u>	<u>4,863</u>

**20 Related party transactions**

The total expenses paid to or on behalf of the Governors during the year was £519 (2016/17: £704). This represents travel and subsistence expenses and other out of pocket expenses incurred by three Governors in attending Governor meetings and College events in their official capacity.

**GATEWAY SIXTH FORM COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 31 JULY 2018**

**21 Amounts disbursed as agent**

	16-19 Bursary £'000	Free Meals £'000	2018 Total £'000	2017 Total £'000
Funding body grants:				
Received in year	286	122	408	414
Brought forward from prior year	46	38	84	49
Total available funds	332	160	492	463
Disbursed to students	267	41	308	(360)
Administration fees	14	6	20	(19)
Transfers between funds	(75)	75	-	-
Subtotal	206	122	328	379
Balance unspent at 31 July	126	38	164	84

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

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

**YEAR ENDED 31 JULY 2018**

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**Conclusion**

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

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2017 to 31 July 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Basis for conclusion**

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

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

**Responsibilities of Corporation of Gateway Sixth Form College for regularity**

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

**Reporting accountant's responsibilities for reporting on regularity**

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

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

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2017 to 31 July 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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

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

**YEAR ENDED 31 JULY 2018**

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**Reporting accountant's responsibilities for reporting on regularity (continued)**

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

**Use of our report**

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

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Date: *19/12/18*