

**Queen Elizabeth Sixth Form College
Annual Report and Financial Statements
Year ended 31 July 2023**

Queen Elizabeth Sixth Form College

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QUEEN ELIZABETH SIXTH FORM COLLEGE REFERENCE AND ADMINISTRATIVE DETAILS

Board of Governors

Name	Date of Last Appointment
Chris Wiper	Sept 2020 - resigned Dec 22
Emma Hickerson	Mar 2020 - Resigned June 23
Lewis Davis	Sept 2022 - Resigned July 23
Hannah Malik	Sept 2022 - Resigned July 23
Jo Barrett	March 2023
Emma Chawner	Sept 2022
Iain Clyde	May 2020
Rachael Duff	Dec 2022
Tim Fisher	Aug 2007
Stephen Heath	June 2021
Calvin Kipling	Dec 2019
Mavis Lord	Dec 2022
Jenny Pan	Sept 2020
John McCann	Dec 2022
David Warman	Apr 2020
Andrew Wilson	Sept 2020
Vicky Snowball	March 2023
Parent Governor <i>(name redacted for confidentiality)</i>	Sept 2022

Director of Governance

Nicola Wade

Senior Management Team

Tim Fisher	Principal
Laurence Job	Deputy Principal
Theresa Amarawansa	Vice Principal
Lisa Marron	Vice Principal
Meirion Baker	Assistant Principal
Lisa Bates	Assistant Principal
Ian Waite	Assistant Principal

Principal and Registered Office

Queen Elizabeth Sixth Form College
Vane Terrace
Darlington
DL3 7AU

Professional Advisors

External Auditors

Wylie & Bisset (Audit) Limited
168 Bath Street
Glasgow
G2 4TP

Solicitors

Eversheds
Central Square South, Orchard Street
Newcastle upon Tyne
NE1 3XX

Bankers

Lloyds Bank
21-23 Northgate
Darlington
DL1 1TL

QUEEN ELIZABETH SIXTH FORM COLLEGE STRATEGIC REPORT

Members' Report Operating and Financial Review

The members present their report and the audited financial statements for the year ended 31st July 2023.

Objectives and Strategies

Legal status

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

Vision and values

The College Vision is:

"To provide a transformational learning experience that equips students with the knowledge, confidence and skills to flourish in their lives, careers and communities."

The College's Shared Values are:

- We work together to achieve educational excellence, empowering our students to reach and exceed their goals
- We create a caring, safe and inclusive culture, promoting equality and diversity, and supporting every member of our College community
- We demonstrate integrity, honesty and fairness in our work, fostering trusting relationships within and beyond the College
- We learn from each other through constructive and purposeful collaboration
- We have high expectations of ourselves and others, supporting each other in our aspirations and helping each other to succeed
- We seek sustainable solutions and consider the environmental impact of our activities

Public Benefit

Queen Elizabeth Sixth Form College is an exempt charity under Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 12/13.

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 Vision, the College provides the following identifiable public benefits through the advancement of education:

- High-quality teaching
- Strong student support and pastoral systems

- Widening participation and tackling social exclusion
- Excellent progression record for students entering Higher Education
- Excellent employment record for students
- Links with employers, industry and commerce.
- Links with Local Enterprise Partnerships (LEPs)

The delivery of other aspects of public benefit is covered throughout this Members' Report/ Operating and Financial Review.

Implementation of strategic plan

The College last year updated its strategic plan for the period from 2022- 25. The Corporation monitors the performance of the College against these plans. The plans are reviewed and updated each year. The College's continuing strategic aims are:

Develop our people by:

- Investing in well-chosen and high quality staff development activity both within the College and in conjunction with external partners.
- Developing the use of new technologies to support individuals and teams in their work
- Ensuring that staff and students understand how they learn and use this knowledge productively
- Creating a productive and engaging learning culture in which students and staff value their own learning as well as that of others

Develop our partnerships by:

- Working together with other education providers from board to classroom level
- Continuing to assess the viability of legal changes (such as academisation) to enhance our students' experience
- Linking with the business community and HE providers to improve skills and progression opportunities for students
- Maintaining a recruitment and marketing strategy that allows us to respond quickly and effectively to demographic and market changes

Develop our curriculum by:

- Reviewing and, when necessary, adapting our curriculum in the context of national and regional skills needs and priorities
- Ensuring that the intent, implementation and impact of our curriculum are effective in enabling students to make excellent progress and achieve their objectives
- Ensuring that safeguarding and wellbeing are embedded in all of our practice
- Promoting equality, diversity and British values

Develop our resources by:

- Maintaining an effective Accommodation Strategy and delivering its objectives
- Reviewing our financial strategy to ensure deliverability and affordability of our strategic aims
- Utilising our existing accommodation as creatively as possible in support of curriculum intent
- Exploiting the potential of technology to support our aim

Develop our strategic position by:

- Understanding the policy direction of national and local government

- Following and shaping local and regional developments through active membership of key groups and organisations such as SFCA, NorVIC and Darlington Education Strategy Group
- Actively seeking information and intelligence regarding developments outside of QE that may present risks or opportunities
- Maintaining a clear understanding of the needs and ambitions of students and prospective students to ensure that our decision making and objectives are informed and relevant

Financial Objectives

The College's financial objectives are:

- to achieve an operating surplus/(deficit) before grants and depreciation as % of income of at least 4.0%
- to achieve an operating surplus each year
- to achieve a ratio of staff cost % to income of less than or equal to 76.0%
- to maintain at least 30 cash days in hand at all times
- to maintain a ratio of current assets to current liabilities of better than 1.5
- to generate a cash inflow from operating activities
- to generate sufficient funds to enable the maintenance and improvement of accommodation and equipment

A series of performance indicators have been agreed to monitor the successful implementation of these objectives. These objectives were all achieved in the financial year.

Performance indicators

Performance indicators relating to key areas of the College's activity are produced annually by the College for internal use and address the following issues:

- intake numbers and average class sizes;
- retention and attendance rates;
- examination results – raw and value added;
- student destinations;
- views of students, staff (every 2 years) and other stakeholders; and
- lesson observations.

These are all monitored regularly by the Governing Body, which places a high priority on the monitoring and analysis of students' achievements.

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.UK website, which looks at measures such as achievement rates.

The College employs 149 people, of whom 87 are teaching staff.

The College enrolled approximately 2051 students.

The College has £12,272k (2022: 11,305 k) of net assets.

Tangible resources include the main site at Vane Terrace and the playing fields and changing facilities at Abbey Road.

The College has an excellent reputation locally and nationally. In its last Ofsted inspection in 2020 it was rated Good with outstanding features.

Stakeholders

The College has many stakeholders including:

- its current, future and past students;
- its staff and their trade unions including the National Education Union and Unison.
- the wider college community including residents, local businesses ,local charities ;
- its local borough council, combined authority and Local Enterprise Partnership.

Public Benefit

Queen Elizabeth College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 12-13. 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.

In delivering its Vision, the College provides identifiable public benefits through the advancement of education to approximately 2051 students, including 10 students with high needs. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background. The College supports and tracks all students to ensure they have a destination be it university or into work and provides excellent careers and UCAS support.

Development and Performance

Financial Review

The Colleges made a surplus of £967 k in 2022/23 but part of this was caused by a revaluation of College's share of the Local Government Pension Scheme assets and liabilities. Excluding this (and other non-cash items), the college's operating performance was an accounting surplus of £357 k.

The College received 98.3% of its total income for 2022/3 as grants from funding bodies, with 100% coming from the Education and Skills Funding Agency for 16-19 provision. The Increase in funding from the prior year was largely due to increase in funded student numbers, increase in funding amount per student and an increase in investment income.

Construction started on the classroom extensions in September 22 and completed in August 2023, with funding coming from DfES Capacity Fund plus the College match fund of 15%. The new area will include state of the art classrooms and will help the College better meet its aim of providing first class resources to students of the College. The College received £260k in capital grants for the project during 2022/23, which have not yet been recognised as income and are being held as a liability on the balance sheet.

At the balance sheet date, the group held net current assets of £3,946 k and net assets of £12,272 k.

At £5,166 k (2022: £4,738 k), net cash flow from operating activities was reasonably strong. The increase from the prior year is due to an improvement in operating performance and release of an investment into the cash flow.

Capital Plans/Reserves

The College has accumulated reserves of £12,272 k and cash and short term investment balances of £1,000k. The College will review accumulated reserves and cash balances in order to ensure there are funds in place to meet future capital requirements.

Future Prospects

As student numbers increased in year, the College continues to assess its accommodation strategy. In recent years the College has been successful in securing funding to upgrade and maintain its estate. This has seen improvements to the external fabric of buildings, roof refurbishments and upgrades to heating infrastructure. All College lighting has also been upgraded to the latest energy efficiency standards using LED based technology.

The College was successful in receiving a DFE Post 16 Capacity Fund grant of £2,260,120, which completed August '23 and this increased classrooms space and student capacity in the College. The College upgraded the canteen facilities and this included a brand new energy efficient kitchen within the 22/23 academic year. This space was increased and students also use an area flexibly for studying purposes.

Whilst recognising the changes to the funding bodies' ability to provide further capital project funding, the College will always continue to review its options for the development of its accommodation, including expansion and the flexible use of space to meet future demand.

The Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

During the 2015/16 financial year, the College was subject to involvement in the Tees Valley Area Review. The review found the College to be financially viable and recommended that Queen Elizabeth Sixth Form College remains as an independent institution and pursues conversion to academy status and establishes a multi-academy trust with local schools. The college has received approval in 2023 to explore the option of becoming an academy but this is subject to due diligence and consultation outcomes but now has obtained formal approval to proceed.

Financial plan

The College Board approved a financial plan in July 2023, which set out the objectives for the period to 2026. This focuses on ensuring strong cash flow and the maintenance of the college financial assessment as outstanding.

Treasury policies and objectives

The College has treasury management arrangements in place to manage cash flows, banking arrangements and the risks associated with those activities.

Reserves

The College has a formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the College's core activities. As at the balance sheet date the Income and Expenditure reserve stands at £ 10,505k (2022: £9481k). It is the corporation's intention to maintain adequate reserves over the life of the strategic plan through the generation of annual operating surpluses.

Principal Risks and Uncertainties

The College has well developed strategies for managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protect its assets, reputation and financial stability. The governing body has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement on Corporate Governance.

A risk register is maintained at the College level, which is reviewed at every meeting of the Audit Committee and is assessed weekly at the College leadership team meeting. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

The main risk factors affecting the College are outlined below along with the action taken to minimise them. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

- Risk 1 Student enrolment and retention
- Risk 2 Cyber security

KEY PERFORMANCE INDICATORS

The College's key performance indicators, targets and results are set out below.

Key performance indicator	Measure/Target 2022/23	Actual for 2022/3
Student number targets	2020	1896
Student Pass rate	100%	98.5%
Operating surplus/EBITDA as % of income	5%	6%
College Qualification Retention rate	90%	84.8%

Student achievements

Students continue to prosper at the College. Information on achievement, progression and/or employment rates.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations to make payments within 30 days. During the accounting period 1 August 2022 to 31 July 2023, the college paid 99% per cent of its invoices within 30 days. The college incurred no interest charges in respect of late payment for this period.

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 period	FTE employee number
2	2

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

Total cost of facility time	0
Total pay bill	7,724,799
Percentage of total bill spent on facility time	0

Time spent on paid trade union activities as a percentage of total paid facility time	0
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GOING CONCERN

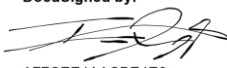
Queen Elizabeth is undergoing due diligence and consultation in relation to joining another academy. If this process fully completes with no issues then the College will cease to exist on the 1/4/2024 and would therefore not then be a going concern as the college will be dissolved.

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 7/12/2023

And signed on its behalf by:

DocuSigned by:

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Iain Clyde
 Chair

QUEEN ELIZABETH SIXTH FORM COLLEGE STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2022 to 31st July 2023 and up to the date of approval of the annual report and financial statements.

GOVERNANCE CODE

The College endeavours to conduct its business:

1. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
2. in full accordance with the guidance from the Charity Governance Code (“the Code”),

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2022. This opinion is based on an internal review of compliance with the Code reported to the board on 4th September 2023. 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 Charity Governance Code, which it formally adopted on 24th June 2021.

The Corporation

Members of the Corporation

The members who served on the corporation during the year and up to the date of signature of this report were as listed in the table below.

Name	Date of Last Appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance in 2022/3
Chris Wiper	Sept 2020	4 yrs	Dec 2022	Independent	Board; C&S; F&R, S&R	83%
Emma Hickerson	Mar 2020	4 yrs	June 2023	Independent	Board	50%
Lewis Davis	Sept 2022	1 yr	July 2023	Student	Board	100%
Hannah Malik	Sept 2022	1 yr	July 2023	Student	Board	50%
Jo Barrett	March 2023	4 yrs	-	Independent	Board; C&S;	75%
Emma Chawner	Sept 2022	4 yrs	-	Independent (Vice Chair)	Board; Audit; Rem	100%

Name	Date of Last Appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance in 2022/3
Iain Clyde	May 2020	4 yrs	-	Parent (Chair)	Board; C&S; F&R; S&R; Rem	100%
Rachael Duff	Dec 2022	4 yrs	-	Staff	Board; S&R	100%
Tim Fisher	Aug 2007	n/a	-	Ex-officio	Board; C&S; F&R; S&R	100%
Stephen Heath	June 2021	4 yrs	-	Independent	Board; Audit	67%
Calvin Kipling	Dec 2019	4 yrs	-	Independent	Board; C&S	75%
Mavis Lord	Dec 2022	2 yrs	-	Parent	Board; F&R	100%
Jenny Pan	Sept 2020	4 yrs	-	Independent	Board; Audit	88%
John McCann	Dec 2022	2 yrs	-	Parent	Board; Audit	100%
David Warman	Apr 2020	4 yrs	-	Independent	Board; F&R; Rem	92%
Andrew Wilson	Sept 2020	4 yrs	-	Independent	Board; F&R; Rem	69%
Vicky Snowball	March 2023	4 yrs	-	Staff	Board; C&S	88%
Parent Governor (name redacted for confidentiality)	Sept 2022	2 yrs	-	Parent	Board	80%

Audit = Audit Committee

C&S = Curriculum & Standards Committee

F&R = Finance & Resources Committee

Rem = Remuneration Committee

S&R = Search & Review Committee

The Governance Framework

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

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

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 Curriculum & Standards, Finance & Resources, Audit, Remuneration and Search & Review. Full minutes of all meetings, except those deemed to be confidential by the corporation, are available on the College's

website (qeliz.ac.uk) or from the Director of Governance at the College's registered address: Queen Elizabeth Sixth Form College, Vane Terrace, and Darlington, DL3 7AU.

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

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

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

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

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

Appointments to the Corporation

Any new member appointments to the corporation are a matter for the consideration of the corporation as a whole. The corporation has a Search & Review Committee, consisting of five 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 are appointed for a term of office not exceeding four years.

Corporation performance

The corporation carried out a self-assessment of its own performance in October 2023 for the year ended 31 July 2023 and graded itself as Outstanding on the Ofsted scale.

The governing body is committed to development and 100% of governors completed at least one development activity during 2022-23, with many governors completing several activities. Examples of activities include:

- Anti-Racism Group meetings
- ETF training modules (various)
- Equality Diversity & Inclusion Committee meetings
- College Learning Walks
- Providing training to College staff
- QE Carol Concert
- QE Volunteering Awards
- Safer Recruitment Training
- Schools North East Academies Conference

Governors also received training at every Board meeting on the following:

- September 2022 Skills Agenda
- December 2022 Meeting Skills Needs
- March 2023 Governor Oversight
- June 2023 Academy Governance

Governors took part in the following statutory training activities:

- PREVENT
- Safeguarding Level 1
- Keeping Children Safe in Education – governor specific training via Darlington Borough Council (in person and online)

The Director of Governance took part in the following development activities during 22-23:

- SFCA Governance Webinar – The Skills Agenda; Oct '22
- Darlington Borough Council KCSiE for Governors; Oct '22
- ETF Governance Professionals Development - Expert Level (4 days from Nov '22 – Feb'23)
- SFCA Clerks' Conference; Jan '23
- SFCA webinar - Accountability Agreements; Feb '23
- ONS Reclassification Webinar; Feb '23
- SFCA webinar – External Review of Governance; Feb '23
- NorVIC Clerks' Group; Mar '23
- Eversheds Governance and Legal Refresher; May '23
- Eversheds Company Law Refresher for Education Institutions; Jun '23
- Stone King – Getting it Right as Clerk; Jun '23
- Schools North East Conference; Jun '23

Remuneration Committee

Throughout the year ending 31 July 2023 the College's Remuneration Committee comprised four members of the corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior potholders.

The Committee has due regard to the AoC's *Senior Postholder Remuneration Code* and HM Treasury's *Guidance for approval of senior pay: Senior pay controls process*.

Details of remuneration for the year ended 31 July 2023 are set out in note 5 to the financial statements.

Audit Committee

The Audit Committee comprises four 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 auditors, reporting accountants and financial statements auditors, who have access to the Committee for independent discussion without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

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

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

The Audit Committee also advises the corporation on the appointment of internal auditors, reporting accountants and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the corporation.

The Audit Committee met three times in the year to 31 July 2023. The members of the committee and their attendance records are shown below:

Committee member	Meetings attended
Iain Clyde	1/1 <i>(resigned from Committee Dec 2022)</i>
Emma Chawner	3/3
Stephen Heath	2/3
Jenny Pan	2/3
John McCann	2/2 <i>(joined Committee Feb 2023)</i>

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 Funding Agreement between Queen Elizabeth 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 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 Queen Elizabeth Sixth Form College for the year ended 31 July 2023 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2023 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the corporation.

The risk and control framework

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

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

The College has an internal audit service, which operates in accordance with 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. At minimum, annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College, includes an independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Risks faced by the corporation

The Corporation identifies, evaluates, and manages risk, including an impact and likelihood evaluation of key risks and records these in a risk register. Principal risks identified include the College's reliance on government funding which is in turn reliant on recruiting and retaining high numbers of students for funding purposes.

The risk register is regularly reviewed, updated and reported to the Audit Committee.

Control weaknesses identified

No significant control weaknesses or failures were identified during the 2022/23 year.

Responsibilities under funding agreements

The Department for Education and Education and Skills Funding Agency introduced new controls for the college on 29 November 2022 on the day that the Office for National Statistics reclassified colleges as public sector organisations in the national accounts. The ESFA chief executive communicated these changes to all college accounting officers and explained plans to introduce a college financial handbook in 2024. The college has reviewed its policies, procedures and approval processes in line with these new requirements to ensure there are systems in place to identify and handle any transactions for which DfES approval is required. The financial handbook was updated to enforce the changes and the College also submitted the DFES MPM return which focused on changes in regulations that impacted on the college and steps that the college have taken to comply if relevant.

Statement from the Audit Committee

The Audit Committee has advised the board of governors that the corporation has an effective framework for governance and risk management in place. The Audit Committee believes the corporation has effective internal controls in place.

The specific areas of work undertaken by the audit committee in 2022/3 and up to the date of the approval of the financial statements are:

- Financial Planning & Budgetary Control
- Information Governance
- Core Financial Controls
- Skills Agenda
- 16 to 19 Funded Learner Audit

Review of effectiveness

As Accounting Officer, the Principal 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
- comments made by the college's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors (for colleges subject to funding audit) in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of their review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and 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.

In the year to 31st July 2023 there were six internal audit reviews. Amongst the recommendations made, there were no critical recommendations identified during any of the internal audits. The audits provided substantial assurance that the controls upon which the organisation relies to manage risks material to the achievement of the organisation's objectives are suitably designed and effective.

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 November 2023 meeting, the corporation carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the senior management team and internal audit and taking account of events since 31 July 2023.

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”*.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31st July 2022 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

Going concern

Queen Elizabeth is undergoing due diligence and consultation in relation to joining another academy. If this process fully completes with no issues then the College will cease to exist on the 1/4/2024 and would therefore not then be a going concern as the college will be dissolved.

Approved by order of the members of the Corporation on 7/12/2023 and signed on its behalf by:

DocuSigned by:

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Iain Clyde
Chair

DocuSigned by:

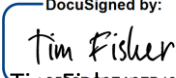
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Tim Fisher
Accounting Officer

QUEEN ELIZABETH SIXTH FORM COLLEGE STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer, I confirm that the corporation has had due regard to the framework of authorities governing regularity, propriety and compliance, and the requirements of grant funding agreements and contracts with ESFA, and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with those authorities and terms and conditions of funding.

I confirm on behalf of the corporation that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the corporation, or material non-compliance with the framework of authorities and the terms and conditions of funding under the corporation's grant funding agreements and contracts with ESFA, or any other public funder. This includes the elements outlined in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides.

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

DocuSigned by:

Tim Fisher
Accounting Officer

Statement of the Chair of Governors

On behalf of the corporation, I confirm that the accounting officer has discussed their statement of regularity, propriety and compliance with the board and that I am content that it is materially accurate.

DocuSigned by:

Iain Clyde
Chair of governors

QUEEN ELIZABETH SIXTH FORM COLLEGE STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the corporation's grant funding agreements and contracts with ESFA, the corporation – through its Accounting Officer – is required to prepare financial statements and an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the corporation and its surplus / deficit of income over expenditure for that period.

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the college will continue in operation.

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

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 relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

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

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities set out in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly.

In addition, members of the corporation are responsible for securing economic, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

Approved by order of the members of the corporation on 7th December 2023 and signed on its behalf by:

DocuSigned by:

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Iain Clyde
Chair of Governors

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF QUEEN ELIZABETH SIXTH FORM COLLEGE

Opinion

We have audited the financial statements of Queen Elizabeth Sixth Form College (the 'College') for the year ended 31 July 2023 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

Give a true and fair view of the state of the College's affairs as at 31 July 2023, and of its income and expenditure, gains and losses and changes in reserves, and cash flows for the year then ended;
have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
have been prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education.

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- Emphasis of matter – post balance sheet event

We draw attention to note 1 of the financial statements which explains that the Corporation intends to liquidate the College and therefore do not consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern.

Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

adequate accounting records have not been kept; or

the financial statements are not in agreement with the accounting records and returns; or

we have not received all the information and explanations we require for our audit.

Responsibilities of the Corporation

As explained more fully in the Statement of Responsibilities of the Members of the Corporation, 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 responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and with ISAs (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

Extent to which the audit was considered capable of detecting irregularities including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures response to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing the risks or material misstatements in respect of irregularities, including fraud and non-compliance with laws and regulations we considered the following;

The nature of the College, the environment in which it operates and the control procedures implemented by management and the Corporation; and

Our enquiries of management and the Corporation about their identification and assessment of the risks of irregularities.

Based on our understanding of the College and the sector we identified that the principal risks of non-compliance with laws and regulations related to, but were not limited to;

Regulations and legislation pertinent to the College's operations; and

Compliance with the Post-16 Audit Code of Practice 2022 to 2023.

We considered the extent to which non-compliance might have a material impact on the financial statements. We also considered those laws and regulations which have a direct

impact on the preparation of the financial statements, such as the Statement of Recommended Practice - Accounting for Further and Higher Education 2019 and the Post-16 Audit Code of Practice 2022 to 2023.

We evaluated management and trustees' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of management override of controls), and determined that the principal risks were related to;

Posting inappropriate journal entries

Audit response to the risks identified;

Our procedures to respond to the risks identified included the following;

Gaining an understanding of the legal and regulatory framework applicable to the College and the sector in which it operates;

Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

Enquiring of management, the audit committee, the internal auditors and legal advisors concerning actual and potential litigation and claims;

Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the Department for Education, Education & Skills Funding Agency, and the Office for Standards in Education;

In addressing the risk of fraud as a result of management override of controls, testing the appropriateness of journal entries and other adjustments; and

Evaluating rationale of any significant transactions that are unusual or outside the normal course of business;

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

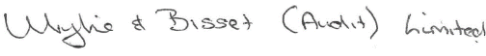
Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by 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 required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Wylie & Bisset (Audit) Limited
Statutory Auditor
168 Bath Street
Glasgow
G2 4TP

Date: 7th December 2023

REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY

In accordance with the terms of our engagement letter dated 30th October 2023 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Queen Elizabeth Sixth Form College during the period 1 August 2022 to 31 July 2023 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder.

This report is made solely to the corporation of Queen Elizabeth Sixth Form College and 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 Queen Elizabeth Sixth Form College and 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 Queen Elizabeth Sixth Form College and the ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Queen Elizabeth Sixth Form College and the reporting accountant

The corporation of Queen Elizabeth Sixth Form College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed, and income received, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities that govern them. Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2022 to 31 July 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

Queen Elizabeth Sixth Form College 2022-23 (V1)

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

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

The work undertaken to draw to our conclusion includes:

Documenting the framework of authorities which govern the activities of the College;

Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;

Reviewing the self-assessment questionnaire which supports the representations included in the Chair of Governors and Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;

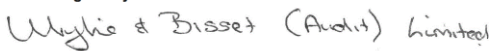
Testing transactions with related parties;

Confirming through enquiry and sample testing that the College has complied with its procurement policies and that these policies comply with delegated authorities; and

Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period 1 August 2022 to 31 July 2023 has not been applied to purposes intended by Parliament, and the financial transactions do not conform to the authorities that govern them.

DocuSigned by:

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Wylie & Bisset (Audit) Limited
168 Bath Street
Glasgow
G2 4TP Date:

7 December 2023

QUEEN ELIZABETH SIXTH FORM COLLEGE
STATEMENTS OF COMPREHENSIVE INCOME AND EXPENDITURE

	Notes	Year ended 31 July 2023	Year ended 31 July 2022
		College £'000	College £'000
INCOME			
Funding body grants	2	10,592	9,319
Other income	3	113	113
Investment income	4	63	14
Total income		10,768	9,446
EXPENDITURE			
Staff costs	5	7,893	7,540
Other operating expenses	6	1,979	1,642
Depreciation	8	529	484
Interest and other finance costs	7	10	50
Total expenditure		10,411	9,716
Surplus (Deficit) before other gains		357	(270)
Loss on disposal of assets		-	-
Surplus before tax		357	(270)
Taxation		-	-
Surplus/(Deficit) for the year		357	(270)
Unrealised surplus on revaluation of		-	-
Revaluation of defined benefit pension liability	17	610	3,220
Total Comprehensive Income for the year		967	2,950

All items of income and expenditure relate to continuing activities.


**QUEEN ELIZABETH SIXTH FORM COLLEGE
STATEMENT OF CHANGES IN RESERVES**

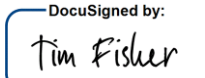
	Income and expenditure account £'000	Revaluation reserve £'000	Restricted reserves £'000	Total £'000
Balance at 1 August 2021	6,473	1,882	-	8,355
Surplus/(deficit) from the income and expenditure account	(270)	-	-	(270)
Other comprehensive income	3,220	-	-	3,220
Transfers between revaluation and income and expenditure reserves	58	(58)	-	
Balance at 31 July 2022	<u>9,481</u>	<u>1,824</u>	-	<u>11,305</u>
Surplus/(deficit) from the income and expenditure account	357	-	-	357
Other comprehensive income	610	-	-	610
Transfers between revaluation and income and expenditure reserves	57	(57)	-	-
Total comprehensive income	<u>1,024</u>	<u>(57)</u>	-	<u>967</u>
Balance at 31 July 2023	<u>10,505</u>	<u>1,767</u>	-	<u>12,272</u>

QUEEN ELIZABETH SIXTH FORM COLLEGE BALANCE SHEETS AS AT 31 JULY 2023

	Notes	College 2023 £'000	College 2022 £'000
Non -current assets			
Tangible Fixed assets	8	15,614	12,903
		15,614	12,903
Current assets			
Trade and other receivables	9	149	115
Investments	10	1,000	1,000
Cash and cash equivalents	14	5,166	4,738
		6,315	5,853
Creditors – amounts falling due within one	11	(2,369)	(1,678)
Net current assets		3,946	4,175
Total assets less current liabilities			
		19,560	17,078
Creditors – amounts falling due after more than	12	(7,288)	(5,283)
Provisions			
Defined benefit obligations	17	-	(490)
Total net assets		12,272	11,305
Unrestricted Reserves			
Income and expenditure account		10,505	9,481
Revaluation reserve		1,767	1,824
Total unrestricted reserves		12,272	11,305

The financial statements on pages 30 to 50 were approved and authorised for issue by the corporation on 7th December 2023 and were signed on its behalf on that date by:

DocuSigned by:

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 Iain Clyde
 Chair

DocuSigned by:

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 Tim Fisher
 Principal

QUEEN ELIZABETH SIXTH FORM CASH FLOW STATEMENTS

	Notes	2023 £'000	2022 £'000
Cash flow from operating activities			
Surplus/(Deficit) for the year		357	(270)
Adjustment for non-cash items			
Depreciation	8	529	484
(Increase)/decrease in debtors		(34)	(4)
Increase/(decrease) in creditors due within one year		735	22
Increase/(decrease) in creditors due after one year		2,005	164
Pensions costs less contributions payable		120	480
Adjustment for investing or financing activities			
Investment income		(63)	(14)
Net cash flow from operating activities		<u>3,649</u>	<u>862</u>
Cash flows from investing activities			
Investment income		63	14
Payments made to acquire fixed assets	8	(3,240)	(839)
		<u>(3,177)</u>	<u>(825)</u>
Cash flows from financing activities			
Interest paid		-	-
Repayments of amounts borrowed		(44)	(44)
		<u>(44)</u>	<u>(44)</u>
Increase / (decrease) in cash and cash equivalents in the		<u>428</u>	<u>(7)</u>
Cash and cash equivalents at beginning of the year	14	4,738	4,745
Cash and cash equivalents at end of the year	14	5,166	4,738

QUEEN ELIZABETH SIXTH FORM COLLEGE

NOTES TO THE ACCOUNTS

1. Statement of accounting policies and estimation techniques

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2022-3 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The college is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of the college, its cash flow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes. The college currently has £0.154m of loans outstanding with Salix bankers on terms negotiated in 2019. The terms of the existing agreement are for another 4 years at which case the loan will be repayable. The college's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

As discussed on page 11 of the strategic report Queen Elizabeth is undergoing due diligence and consultation in relation to joining another academy. If this process fully completes with no issues then the College will cease to exist on the 1/4/2024 and would therefore not then be a going concern as the college will be dissolved.

The Corporation has concluded that prepaying the accounts on a break up basis would not be materially different from preparing using a going concern basis, accordingly we have adopted this preparation basis.

Recognition of income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved.

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

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

Capital grant funding

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other, non-governmental, capital grants are recognised in income when the college is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

Investment income

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

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the college in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

Durham Local Government Pension Scheme (LGPS)

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

Durham Local Government Pension Scheme (LGPS)

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

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

Short term Employment benefits

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

Tangible fixed assets

Tangible fixed assets are stated at 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 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and buildings

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

- Buildings – 60 years

Freehold land is not depreciated as it is considered to have an infinite useful life.

Freehold buildings are depreciated over their expected useful economic life to the college of between 15 and 60 years. The college has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

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

On adoption of FRS 102, the college followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

Subsequent expenditure on existing fixed assets

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

Equipment

Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

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

- motor vehicles 10 years – showing 4 in policy to be amended at board
- computer equipment 4 years
- furniture, fixtures and fittings 4 years

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

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Any lease premiums or incentives relating to leases signed after 1 August 2014 are spread over the minimum lease term. Leasing agreements which transfer to the college substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Investments

Listed investments held as non-current assets and current asset investments, which may include listed investments, are stated at fair value, with movements recognised in Comprehensive Income.

Inventories

Inventories are stated at the lower of their cost (using the first in first out method) and net realisable value, being selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow-moving and defective items.

Cash and cash equivalents

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

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Financial liabilities and equity

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

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

Foreign currency translation

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

Provisions and contingent liabilities

Provisions are recognised when

- the college has a present legal or constructive obligation as a result of a past event

- it is probable that a transfer of economic benefit will be required to settle the obligation, and
- a reliable estimate can be made of the amount of the obligation.

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

A contingent liability arises from a past event that gives the college a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the college. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

Judgements in applying accounting policies and key sources of estimation uncertainty

Judgements in applying accounting policies

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

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

Other key sources of estimation uncertainty

- Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- 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 16/17 will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2020 to value the pensions liability at 31 July 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. Funding Body Grants

	2023	2022
	College	College
	£'000	£'000
Recurrent grants		
ESFA – 16-18	10,486	9,153
Specific grants		
Releases of government capital grants	106	166
Total	10,592	9,319

3. Other Income

	2023	2022
	College	College
	£'000	£'000
Other income generating activities	113	113
Total	113	113

4. Investment Income

	2023	2022
	£'000	£'000
Other Interest Receivable	63	14
Total	63	14

5. Staff Costs

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

	2023	2022
	No.	No.
Teaching staff	87	83
Non-teaching staff	62	59
	149	142

Staff costs for the above persons	2023	2022
	£'000	£'000
Wages and salaries	5,986	5,451
Social security costs	594	545
Other pension costs (note 16)	1,313	1,544

Total Staff costs

<u>7,893</u>	<u>7,540</u>
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Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the college and are represented by the college leadership team. Details are post holders are on page 3.

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

	2023	2022
	No.	No.
The number of key management personnel including the Accounting Officer was:	7	6
	<hr/>	<hr/>

	Key management personnel	
	2023	2022
	No.	No.
£60,001 to £65,000 p.a.	-	3
£65,001 to £70,000 p.a.	3	-
£70,001 to £75,000 p.a.	2	-
£80,000 to £85,000	-	2
£85,000 to £90,000 p.a.	1	-
£120,000 to £131,00 p.a.	1	1
	<hr/>	<hr/>
	7	6
	<hr/>	<hr/>

Key management personnel compensation is made up as follows:

	2023	2022
	£'000	£'000
Basic salary	567	480
National Insurance	69	61
Benefits in kind	-	-
Pension contributions	119	97
Total key management personnel compensation	<hr/>	<hr/>
	755	638
	<hr/>	<hr/>

The above compensation includes amounts paid to the Principal who is the Accounting Officer and who is also the highest paid member of staff. Their pay and remuneration is as follows:

	2023	2022
	£'000	£'000
Basic salary	131	125
Performance related pay and bonus	-	-
Other including benefits in kind	-	-
Pension contributions	31	30
	<u>162</u>	<u>155</u>

The remuneration package of key management staff, including the Principal, Deputy Principal and Director of Governance (senior post holders), is subject to annual review by the Remuneration Committee of the governing body who justify the remuneration on the following grounds. It takes into consideration the rate of increase of the average remuneration of all other College staff and also the benchmarking data for similar roles, provided by the Sixth Form College's Association (SFCA) annual *Workforce Survey: Salaries and Numbers*. The Remuneration Committee has due regard to the AoC's *Senior Postholder Remuneration Code*; HM Treasury's *Guidance for approval of senior pay: Senior pay controls process* and adheres to its own Senior Postholder Remuneration Policy. It ensures levels of remuneration set are:

- in the best interest of the College's students
- a good use of resources
- proportionate and reasonable
- good value for money

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

	2023	2022
	£'000	£'000
Principal's basic salary as a multiple of the median of all staff	3.4	3.2
Principal and CEO's total remuneration as a multiple of the median of all staff	3.4	3.2

6. Other Operating Expenses

	2023	2022
	College	College
	£'000	£'000
Teaching costs	703	562
Non-teaching costs	784	625
Premises costs	492	455
	<u>1,979</u>	<u>1,642</u>
Total	1,979	1,642

Other operating expenses include:

Auditors' remuneration:

Financial statements audit*	17
Internal audit fees**	17
Hire of assets under operating	14
Total	48

7. Interest and other finance

	2023	2022
	£'000	£'000
Net interest on defined pension liability	10	50
Total	10	50

8. Tangible fixed assets

	Land and buildings Freehold	Leasehold	Equipment	Assets in courses of construction	Total
	£'000	£'000	£'000		
Cost or valuation					
At 1 August 2022	16,783	-	2,817	158	19,758
Additions	657	-	123	2,460	3,240
Disposals	-	-	-	-	-
At 31 July 2023	17,440	-	2,940	2,618	22,998
Depreciation					
At 1 August 2022	4,582	-	2,273	-	6,855
Charge for the year	276	-	253	-	529
Disposals	-	-	-	-	-
At 31 July 2023	4,858	-	2,526	-	7,384
Net book value at 31 July 2023	12,582	-	414	2,618	15,614
Net book value at 31 July 2022	12,201	-	544	158	12,903

9. Trade and other receivables

	College 2023 £'000	College 2022 £'000
Amounts falling due within one year:		
Trade receivables	7	10
Prepayments and accrued income	142	105
Amounts owed by the ESFA	-	-
Total	149	115

10. Current Investments

	College 2023 £'000	College 2022 £'000
Short term deposits	1,000	1,000
Total	1,000	1,000

11. Creditors due one year

	College 2023 £'000	College 2022 £'000
Bank loans and overdrafts	44	44
Trade payables	431	112
Other taxation and social security	297	267
Accruals and deferred income	403	167
Deferred income - capital grants	1,088	982
Other creditors	106	106
Total	2,369	1,678

12. Creditors: amounts falling due after one year

	College 2023 £'000	College 2022 £'000
Bank loans	110	154
Deferred income - government capital grants	7,178	5,129
Total	7,288	5,283

13. Maturity of Debt

	College 2023 £'000	College 2022 £'000
In one year or less	44	44
Between one and two years	44	44
Between two and five years	66	110
In five years or more	-	-
Total	154	198

Defined benefit obligations relate to the liabilities under the college's membership of the Local Government Pension Scheme. Further details are given in note 16.

	2023	2022
Price inflation	1.94%	2.74%
Discount rate	2.4%	2.6%

14. Cash and cash equivalents

	At 1 August 2022 £'000	Cash flows £'000	Other changes £'000	At 31 July 2023 £'000
Cash and cash equivalents	4,738	428	-	5,166
Total	4,738	428	-	5,166

15. Capital Commitments

	Group and College	
	2023	2022
	£'000	£'000
Commitments contracted for at 31 July	2,703	2501

16. Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Durham Local Government Pension Scheme (LGPS) for non-teaching staff. Both are multi-employer defined-benefit plans.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was as at 31 March 2016 and of the LGPS 31 March 2023. The Government Actuary is due to complete the TPS valuation by October 2023 with increases currently scheduled for April 2024 with DfES promising to cover additional costs of any increase for colleges above the amounts agreed in 2019 and paid each year since. This valuation will report on TPS as at 31 March 2020.

Total pension cost for the year	2023	2022
	£000	£000
Teachers' Pension Scheme: contributions paid	893	821
Local Government Pension Scheme:		
Contributions paid	311	293
FRS 102 (28) charge	109	430
Charge to the Statement of Comprehensive Income	420	723
Enhanced pension charge to Statement of Comprehensive Income	-	-
Total Pension Cost for Year within staff costs	1,313	1,544

Teachers' Pension Scheme

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

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

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The college is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The college has set out above the information available on the plan and the implications for the college in terms of the anticipated contribution rates.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return. The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9. DfES has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020-21 academic year.

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

The pension costs paid to TPS in the year amounted to employer contributions totalling £892,798(2021: £824,000) and employee contributions totalling £357,465 (2021: £331,000).

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Durham county council. The total contributions made for the year ended 31 July 2023 were £402,992, of which employer's contributions totalled £310,699 and employees' contributions totalled £92,293. The agreed contribution rates for future years are 20.7% for the college and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2023 by Aon.

	At 31 July 2023	At 31 July 2022
Rate of increase in salaries	3.6%	3.6%
Future pensions increases	2.9%	2.6%
Discount rate for scheme liabilities	5.0%	3.5%
Inflation assumption (CPI)	2.6%	2.6%
Commutation of pensions to lump sums	80%	80%

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

	At 31 July 2023	At 31 July 2022
	Years	Years
<i>Retiring today</i>		
Males	21.7	22.1
Females	22.9	24.2
<i>Retiring in 20 years</i>		
Males	23.9	23.2
Females	25.0	25.7

Fair Value at 31 July 2023 £'000	Fair Value at 31 July 2022 £'000
4,330	4,280
900	880
800	340
640	660
170	110
1,670	1,540
8,510	7,810
<u>(200)</u>	<u>(620)</u>

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

	2023	2022
	£'000	£'000
Amounts included in staff costs		
Current service cost	109	720
Past service cost	-	-
Total	<u>109</u>	<u>720</u>
Amounts included in investment income		
Net interest income	10	50
	<u>10</u>	<u>50</u>

Amount recognised in Other Comprehensive Income

Return on pension plan assets	(270)	(760)
Experience losses arising on defined benefit obligations	1,290	3,980
Changes in assumptions underlying the present value of plan liabilities	-	-

Amount recognised in Other Comprehensive Income	1,020	3,220
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17. Movement in defined benefit liability

	2023	2022
	£'000	£'000
Net defined benefit (liability)/asset in scheme at 1 August	(490)	(3230)
Movement in year:		
Current service cost	(420)	(720)
Employer contributions	310	290
Net interest on the defined (liability)/asset	(10)	(50)
Actuarial gain or loss	610	3,220
Net defined benefit (liability)/asset at 31 July	-	(490)

Asset and Liability Reconciliation

	2023	2022
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	8,300	11,500
Current service cost	420	720
Interest cost	300	190
Contributions by Scheme participants	90	90
Experience gains and losses on defined benefit obligations	(1,290)	(3,980)
Changes in financial assumptions	-	-
Estimated benefits paid	280	(220)
Past Service cost	-	-
Defined benefit obligations at end of period	8,100	8,300

Changes in fair value of plan assets

Fair value of plan assets at start of period	7,810	8,270
Interest on plan assets	290	140
Return on plan assets	(270)	(760)
Employer contributions	310	290
Contributions by Scheme participants	90	90
Estimated benefits paid	280	(220)
Fair value of plan assets at end of period	8,510	7,810

18. Related party transactions

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

The total expenses paid to or on behalf of the Governors during the year was £0; (2022: 0 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the college or its subsidiaries during the year (2022: None).

19. Amounts disbursed as agent - Learner support funds

	2023	2022
	£000	£000
16-19 bursary grants	296	285
Other Funding body grants	12	-
	<u>308</u>	<u>285</u>
Disbursed to students	(224)	(215)
Consolidation in financial statements	222	152
	<u>306</u>	<u>222</u>
Balance unspent as at 31 July, included in creditors		

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.

20. Events after the reporting period

The only event after the reporting period relates to the College evaluating a move to joining another Academy subject to consultation and due diligence. Queen Elizabeth is undergoing due diligence and consultation in relation to joining another academy. If this process fully completes with no issues then the College will cease to exist on the 1/4/2024 and would therefore not then be a going concern as the college will be dissolved.