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Longley Park Sixth Form College

**MEMBERS' REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2007**

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Report of the Members of the Corporation

The members present their report and the audited financial statements for the year ended 31 July 2007.

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Longley Park Sixth Form College. The College is an exempt charity for the purposes of the Charities Act 1993.

The Corporation was incorporated as Longley Park Sixth Form College. On 1 November 2002, the Secretary of State granted consent to the establishment of the Corporation.

Mission

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

Longley Park Sixth Form College will provide outstanding educational opportunities for the young people of NE Sheffield. We will work in active partnership with others to offer high quality teaching and learning for 16-19 year olds, which will raise participation and achievement. This will be delivered in a caring and supportive environment, which celebrates diversity. The College itself will be an innovative, creative and open community and will strive to play a full role in Lifelong Learning.

To achieve this Mission, the Governors of Longley Park Sixth Form College (LPSFC) are committed to the following strategic objectives. We will:

- Create and develop a new college campus providing a world class-learning environment for 16-19 years olds in NE Sheffield.
- Recruit, motivate and retain an outstanding staff team able to inspire and support learners.
- Communicate our vision of enhanced learning opportunities to parents and young people in order to attract students and meet recruitment targets.
- Develop a challenging but inclusive curriculum offer, which motivates learners and facilitates creativity.
- Establish robust partnership working with other local agencies and the community to ensure that the College maximises the contribution it makes to the development of NE Sheffield.
- Create highly effective student support structures which recognise our students as young adults whilst also involving parents and guardians who continue to have a vital role in maximising student achievement.
- Aim to meet and exceed benchmarks in attendance, retention and value-added achievement set by sixth form colleges nationally.
- Work in partnership with the Sheffield universities to raise participation in Higher Education.

Report of the Members of the Corporation (continued)

1. Implementation of strategic plan

In March 2007 the College prepared a Development Plan for the period 1 August 2007 to 31 July 2008. This Development Plan includes an update of the Financial Plan. The Corporation will monitor the performance of the College against these plans. The plans will be reviewed and updated each year. The College's continuing operational objectives are to:

- Achieve a student body of 1,175 full-time equivalent learners (FTE) by October 2007, of which 610 would be undertaking a full level 3 (advanced) qualification programme, and 220 a full level 2 (intermediate) qualification programme.
- Achieve target success rates for full level 3 courses were 81%; and for full level 2 courses 85%.
- Achieve specific success rate targets for GCE AS and A2 courses (92% for A2 and 70% for AS)
- Maintain the financial viability of the college by maintaining the agreed financial development plan with the LSC (including the deployment of Exceptional Support funding)
- Achieve Category A financial health status with the LSC by 31 July 2008

2. Financial objectives

Performance indicators

Although the LSC continues to measure FE performance in terms of contribution to national targets, individual colleges are now required to submit annual development plans which are reviewed each year. These development plans focus on headline targets that contribute to the LSC's local and national priorities:

- Participation in Education and Attainment by age 19
- Learners with Disabilities
- 19+ Provision
- Skills for Life

Participation in Education and Attainment

In 2006-07 the College exceeded all its learner number growth targets including sub-targets for 16-18 FTE growth and adult basic skills learner number growth. Funding targets were met although the College remains in receipt of Exceptional Support Funding from the Learning and Skills Council until 31 July 2008.

Performance against learner number targets are as follows:

Report of the Members of the Corporation (continued)

Age Group	Target FTE	Actual FTE ¹	Variance
16-18	1,106	1,132	+26
19+	18	66	+48
Skills for Life (all)	524	694	+170

In terms of attainment, success rates were marginally below target, although headline achievement rates were excellent - 96.25% achievement at GCE A level; 95.1% achievement at BTEC National Diploma; and 36% high grades (A and B). The College has refocused its support for learning, and is confident that 2007-08 targets are both challenging and achievable². Success rates (a multiple of achievement and retention rates) for 2006-07 were as follows:

	2006-07 Target	2006-07 Actual	Variance	2007-08 Target
Level 1 (BTEC Diploma)	80%	79%	-1%	85%
Level 1 (Other)	48%	73%	+25%	76%
Level 2 (BTEC Diploma)	84%	74%	-10%	83%
Level 2 (Other)	81%	86%	+5%	86%
Level 3 (BTEC Diploma)	64%	67%	+3%	73%
Level 3 (BTEC Award)	64%	64%	0%	71%
Level 3 (A level)	92%	87%	-5%	92%
Level 3 (AS level)	70%	63%	-7%	71%

Learners with Disabilities

The expansion of opportunities in the College for supporting learning, together with an even greater focus on monitoring and supporting students learning through individualised (personalised) learning plans, combined to provide improved support for students' additional learning needs.

19+ Provision

Changing national and local priorities over the last two years have led the LSC to annually reduce the College's funding for 19+ students. Following discussions with LSC South Yorkshire, we have reluctantly come to the conclusion that we can no longer continue to offer dedicated 19+ provision in 2007-08, although there remains considerable local demand for such activity. However, the College will continue to accept 19+ students into its daytime provision, provided that they are following full-time programmes of study. These students are predominantly seeking to achieve a first full level 3 qualification, and in many cases have completed programmes at levels 1 and/or 2 at the College before starting advanced level study.

Skills for Life

The College delivers skills for life provision using a suite of specialist and appropriate qualification aims (including GCSE Maths and English). Success rates for these qualifications are good.

¹ As at 31.07.06

² Full details are contained in the College Development Plan for 2007-08

Report of the Members of the Corporation (continued)

Financial Objectives

Performance against Financial Objectives was as follows:

Objective	College 2006-07	College 2005-06	All Sixth Form Colleges 2005-06
Achieve and maintain a general reserve equivalent to 8% of annual budgeted income	7.2%	3.1%	N/A
Achieve and maintain at least 20 cash days in hand	18.01	12.09	56.0
Maintain a current ratio of at least 1:1.5	1:2.46	1:1.09	1:1.81
Income from sources other than the LSC to be at least 5% of total income	3.8%	5.12%	N/A
Pay costs to be no more than 75% of total income	63.53%	61.18%	70.20%
Maintain an income and expenditure surplus of not less than 2% of budgeted income	2.83%	(0.24%)	1.63%

2006-07 represented a significant improvement in performance after 2005-06, when financial performance was adversely affected by significant student over-recruitment and issues surrounding budget setting and monitoring. Pay costs remain within target, and the College's operating surplus has returned to the positive position seen in 2004-05, which bodes well for the future.

3. Finances

The College received an LSC recurrent funding grant of £5,311,393 for 2006-07 to fund 1,106 full-time 16-18 year old learners and 18 full-time equivalent 19+ students. The College was also in receipt of an Exceptional Support Funding (revenue) grant of £630,000.

For 2006-07, the College achieved a surplus on operations of £206,000. This is in contrast to a deficit on operations of £16,000 in 2005-06 and reflects improved accuracy in budget setting and robust monitoring of income and expenditure.

Net assets which were £12,729,000 as at 31 July 2006 were £11,929,000 at the end of July 2007. This is due to fixed asset depreciation matched by deferred capital grant releases to Income and Expenditure Account.

The College had cash balances of £305,000 at 31 July 2007. The cash balances were £184,000 at 31 July 2006.

Report of the Members of the Corporation (continued)

Planned Maintenance Programme

The cost of the College’s planned maintenance programme over a period of five years is estimated to be £0.678 million, resulting in an average annual charge of £135,000.

The programme has been drafted in consultation with the College’s project managers, but must (at this stage of the College’s development) be regarded as work in progress. The programme will be reviewed annually, with a thorough review at the end of the first year’s operation.

There were no works outstanding (defined as planned maintenance) at 31 July 2007. The College plans to spend the Planned Maintenance Budget by July 2008.

Year	2005-06 1 £000	2006-07 2 £000	2007-08 3 £000	2008-09 4 £000	2009-10 5 £000
Outstanding at 1 August	-	-	-	-	-
Average annual charge	297	181	50	50	100
Actual or planned expenditure	(297)	(181)	(50)	(50)	(100)
Outstanding at 31 July	==	==	==	==	==

Staff and student involvement

The College senior management team (SMT) comprises the Principal and two Vice Principals. The designated senior staff are the SMT together with the Corporation Clerk. In 2006-07, the College had four functional leadership teams for student activities – these were the Directorates of Teaching and Learning. In addition to these four Directors, cross-College (non-teaching) managers were responsible for support functions, including student services, ICT and premises. There were no unfilled vacancies.

The full-time daytime student body in 2006-07 was, as at 1 October 2006, 1,136 16-18 year olds. This represented over-recruitment against the LSC target of 1,106. None of the additional students was directly funded by the LSC. In addition, the College recruited some 66 full-time equivalent 19 students: once again an increase on our target of 18.

The College has an active body of student representatives, and holds elections in the spring term. The Student Council is active and meets regularly with senior managers. The leader of the Student Council (or their nominated deputy) is an active member of the Corporation.

There are two staff representatives on the Corporation, one drawn by election from teaching staff, the other by election from cross-College teams.

Taxation

The College’s activities do not fall to be charged to corporation tax.

Report of the Members of the Corporation (continued)

Equal Opportunities and Employment of Disabled Persons

The College considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort will be made to ensure that employment with the College continues.

The College's policy is to provide training, career development and opportunities for promotion that are, as far as possible, identical to those for other employees.

Disability Statement

The College seeks to achieve the objectives set down in the Disability Discrimination Act (1995) as amended by the Special Educational Needs and Disability Act 2001, and in particular makes the following commitments for the new college opening in September 2004:

- As part of the construction of the buildings, lifts and ramps will be provided so that all of the facilities will allow access to people with a disability.
- There will be a list of specialist equipment, which the College can make available for use by students.
- The admissions policy for all students is described in the College prospectus. Appeals against a decision not to offer a place will be dealt with under the complaints policy.
- The College is to make a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There will be a number of student support assistants who will provide a variety of support opportunities for learning. There will be a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- Specialist programmes are described in the Prospectus, and achievements and destinations will be recorded and published.
- Counselling and welfare services are described in outline in the College Prospectus.

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.

Report of the Members of the Corporation (continued)

Auditor

The College, having been notified of the cessation of the partnership known as Baker Tilly, resolved that Baker Tilly UK Audit LLP be appointed as successor auditor with effect from 1 April 2007.

Approved by order of the members of the Corporation on.....and signed on its behalf by:

Doug Liversidge CBE
Chair of the Corporation

Professional advisers

Financial statement and regularity auditors:

Baker Tilly UK Audit LLP
Wilberforce Court
Alfred Gelder Street
Hull HU1 1YH

Internal auditors:

Bentley Jennison
St Matthew's House
6 Sherwood Rise
Nottingham NG7 6JF

Bankers:

Co-operative Bank
The Fountain Precinct
Balm Green
Sheffield S1 2JZ

Solicitors:

Walker Morris
Kings Court
12 King Street
Leeds LS1 2HL

Statement of Corporate Governance and Internal Control

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in the revised Combined Code on Corporate Governance issued by the London Stock Exchange in July 2003. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the governors, the College complies with all the provisions of the Combined Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2007.

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 Table 2.

Table 2: Governors serving on the College board during 2006/07.

	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees served
Mr D Liversidge CBE	23 Nov 2004	4 years		Business member	Chair: Corporation; Chair: Search, Governance & Remuneration Member: Resources
Mr P Ashdown	2 Jun 2003	-	31 August 2007	Principal	Member: Curriculum & Quality; Resources
Ms M Nisbet	1 Sept 2007	-		Principal	Member: Curriculum & Quality; Resources
Mr O Abdulqader	1 Sept 2004	4 years		Business member	Member: Resources
Mrs C Burnell	29 Sept 2004	4 years		Business member	Chair: Resources Member: Search, Governance & Remuneration
Mr K Clifford	20 Nov 2002; re-appointed 12 Dec 2006	4 years		Business member	Vice-Chair: Corporation Member: Audit; Search, Governance & Remuneration
Mrs S Draper	14 Jul 2005	4 years		Co-opted member	Chair: Curriculum & Quality Member: Search, Governance & Remuneration
Mr N Duggan	3 Mar 2005	4 years		Local Authority member	Member: Curriculum & Quality
Mr R Ellis	3 Oct 2005	4 years		Staff member	Member: Audit
Mrs M Ferris	20 Nov 2002; re-appointed 12 Dec 2006	4 years		Business member	Chair: Audit Member: Search, Governance & Remuneration

Statement of Corporate Governance and Internal Control (continued)

	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees served
Mr A Ghalib	27 Jul 2004; re-appointed 3 Oct 2005	4 years		Staff member	Member: Curriculum & Quality; Resources
Ms M Greaves	14 Dec 2005; re-appointed 12 Dec 2006	1 year		Parent member	
Mr A Hancock	13 Dec 2006	4 years		Business member	
Ms S Jackson	26 May 2004: re- appointed 3 Oct 2005	4 years		Staff member	Member: Curriculum & Quality
Cllr A Law	1 Nov 2002; re-appointed 12 Dec 2006	4 years		Local Authority member	Member: Resources
Mrs S Roberts	1 Nov 2002	4 years	31 Oct 2006	Community member	
Mr S Robinson	13 Jul 2006	4 years		Co-opted member	
Mrs K Squires	1 Sept 2004	4 years		Community member	Member: Resources
Mrs A Sundaraj	13 Dec 2006	4 years		Community member	Member; Audit
Prof P White	1 Sept 2004	4 years		Business member	Member: Audit
Mr R Yemane	8 Mar 2007	1 year		Student member	
Ms S Langridge	17 Jan 2003	-		Clerk to the Corporation	

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

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

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 & Quality; Resources; Search, Governance & Remuneration and Audit. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the clerk to the Corporation at:

Longley Park Sixth Form College
Horninglow Road
Sheffield S5 6SG

The clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

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

Statement of Corporate Governance and Internal Control (continued)

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

The 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 Chairman and Principal are separate.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search, Governance & Remuneration 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.

Search, Governance & Remuneration committee

Throughout the year ending 31 July 2007, the College's Search, Governance & Remuneration Committee comprised five members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other senior post-holders.

Details of remuneration for the year ended 31 July 2007 are set out in note 7 to the financial statements.

Audit committee

The Audit Committee comprises four members of the Corporation (excluding the Principal 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, regularity 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 LSC as they affect the College's business.

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

Management is responsible for the implementation of agreed 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, regularity and financial statements auditors and their remuneration for both audit and non-audit work.

Statement of Corporate Governance and Internal Control (continued)

Internal control

Scope of responsibility

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Longley Park Sixth Form College for the year ended 31 July 2007 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 2007 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 which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate.

Statement of Corporate Governance and Internal Control (continued)

Longley Park Sixth Form College has an internal audit service, which operates in accordance with the requirements of the LSC's *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. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

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 regularity auditors (for colleges in plan-led funding), the LSC-appointed funding auditors (for colleges outside plan-led funding) in their management letters and other reports.

The Principal has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the audit committee, which oversees the work of the internal auditor (and risk committee, if appropriate), 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, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2007 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2007 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2007.

Going concern

After making appropriate enquiries, 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.

Approved by order of the members of the Corporation on..... and signed on its behalf by:

Signed

Doug Liversidge CBE
Chair of the Corporation

Signed

Mo Nisbet
Principal

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the Financial Memorandum agreed between the LSC and the Corporation of the College, the Corporation, through its Principal, is required to prepare financial statements for each financial year in accordance with the *Statement of Recommended Practice – Accounting for Further and Higher Education Institutions* and which give a true and fair view of the state of affairs of the College and the result for that year.

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

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

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

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

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

Approved by order of the members of the Corporation on..... and signed on its behalf by:

Doug Liversidge CBE
Chair of the Corporation

INDEPENDENT AUDITORS' REPORT TO THE CORPORATION OF LONGLEY PARK SIXTH FORM COLLEGE

We have audited the financial statements on pages 16 to 35.

This report is made solely to the Corporation, as a body, in accordance with statutory requirements. 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 auditors' 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.

Respective Responsibilities of the Members of the Corporation of Longley Park Sixth Form College and Auditors

The College's Corporation's responsibilities for preparing the Members' Report and financial statements in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education, applicable law, and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education. We also report to you if, in our opinion, the Members' Report is not consistent with the financial statements, if the College has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Members' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Audit Code of Practice issued by the Learning and Skills Council. An audit includes examination, on a test basis, of evidence relevant to amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the College's Corporation in the preparation of the financial statements, and of whether the accounting policies are appropriate to the College's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give us reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE CORPORATION OF LONGLEY PARK SIXTH FORM COLLEGE (CONTINUED)

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the College as at 31 July 2007 and of the college's surplus of income over expenditure for the year then ended, and are properly prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education.

Chartered Accountants
Registered Auditor
Hull

INCOME AND EXPENDITURE ACCOUNT

	Notes	2007 £'000	2006 As restated £'000
INCOME			
Funding council grants	2	7,027	6,351
Other income	3	226	270
Investment income	4	<u>15</u>	<u>15</u>
Total income		<u>7,268</u>	<u>6,636</u>
EXPENDITURE			
Staff costs	5	4,617	4,060
Other operating expenses	7	1,308	1,471
Depreciation	9	<u>1,137</u>	<u>1,121</u>
Total expenditure		<u>7,062</u>	<u>6,652</u>
Surplus/(deficit) on continuing operations after depreciation of assets at valuation and before tax		206	(16)
Taxation	8	—	—
Surplus/(deficit) for the year retained within general reserves		<u>206</u>	<u>(16)</u>

The income and expenditure account is in respect of continuing activities.

STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS

	Notes	2007 £'000	2006 £'000
Surplus/(deficit) on continuing operations before taxation		206	(16)
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	15	—	—
Historical cost surplus/(deficit) for the year before taxation		<u>206</u>	<u>(16)</u>
Historical cost surplus/(deficit) for the year after taxation		<u>206</u>	<u>(16)</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Notes	2007 £000	2006 £000
Surplus/(deficit) on continuing operations after depreciation of assets at valuation and tax		206	(16)
Actuarial gain/(loss) in respect of pension scheme	22	<u>113</u>	<u>(28)</u>
Total recognised gains/(losses) since last report		<u>319</u>	<u>(44)</u>
Reconciliation			
Opening reserves		881	925
Total recognised gains/(losses) for the year		<u>319</u>	<u>(44)</u>
Closing reserves		<u>1,200</u>	<u>881</u>

BALANCE SHEET AS AT 31 JULY

	Notes	2007 £'000	2006 £'000
Fixed assets			
Tangible assets	9	12,107	12,701
Current assets			
Debtors	10	42	163
Cash at bank and in hand		<u>305</u>	<u>184</u>
Total current assets		347	347
Less: Creditors - amounts falling due within one year	11	<u>(141)</u>	<u>(319)</u>
Net current assets		<u>206</u>	<u>28</u>
Total assets less current liabilities		12,313	12,729
Less: Creditors - amounts falling due after more than one year	12	<u>(384)</u>	<u>-</u>
Net assets excluding pension asset/(liability)		11,929	12,729
Net Pension asset/(liability)		<u>21</u>	<u>(65)</u>
NET ASSETS INCLUDING PENSION ASSET/(LIABILITY)		<u>11,950</u>	<u>12,664</u>
Deferred capital grants	14	10,750	11,783
Income and expenditure account excluding pension reserve	16	504	271
Pension reserve - adverse	22	<u>21</u>	<u>(65)</u>
Income and expenditure account including pension reserve	16	525	206
Revaluation reserve	15	<u>675</u>	<u>675</u>
Total reserves		<u>1,200</u>	<u>881</u>
Total		<u>11,950</u>	<u>12,664</u>

The financial statements on pages 16 to 35 were approved and authorised for issue by the Board of Governors on 2007 and were signed on its behalf on that date by:

Mo Nisbet
Principal

Doug Liversidge CBE
Chair

CASH FLOW STATEMENT

	Notes	2007 £'000	2006 £'000
Cash inflow/(outflow) from operating activities	17	248	(60)
Returns on investments and servicing of finance	18	12	11
Capital expenditure and financial investment	19	<u>(539)</u>	<u>(236)</u>
Cash (outflow) before use of financing		(279)	(285)
Financing	20	<u>400</u>	<u>-</u>
Increase/(decrease) in cash in the year	18	<u>121</u>	<u>(285)</u>
Reconciliation of net cash flow to movement in net (debt)/funds			
Increase/(decrease) in cash in the period		121	(285)
Cash inflow from new unsecured loan	20	<u>400</u>	<u>-</u>
Movement in net debt in the period		(279)	(285)
Net funds at 1 August 2006		<u>184</u>	<u>469</u>
Net (debt)/funds at 31 July 2007		<u>(95)</u>	<u>184</u>

In this statement, figures in brackets refer to cash outflows and all other figures are cash inflows to the College.

NOTES TO THE ACCOUNTS

1 Accounting policies

Statement of accounting policies

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

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2003* (the SORP) and in accordance with applicable Accounting Standards. They conform to guidance published by the LSC, in the Accounts Direction Handbook.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

Recognition of income

Recurrent grants from the LSC is that receivable as determined by the results of the funding audit undertaken by the LSC.

Non-recurrent grants from the LSC or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

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

Post retirement benefits

Retirement benefits to employees of the College are provided by the Teachers Pension Scheme (TPS) and the South Yorkshire Pension Fund (SYPF). These are defined benefit schemes which are externally funded and contracted out of the State Earnings-Related Pension Scheme (SERPS).

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 quinquennial valuations using a prospective benefit method. As stated in Note 22, the TPS is a multi employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The assets of the SYPF are measured using closing market values. SYPF liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising

NOTES TO THE ACCOUNTS (CONTINUED)

1 Accounting policies (continued)

from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Tangible fixed assets

Land and buildings

Buildings constructed since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

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

Finance costs, which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets.

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.

Where land and buildings are owned by a third party and occupied by the College for a nominal rent, the College capitalises the economic benefit of the use of this land and buildings. The capital value is depreciated over the period of use.

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Market value of the fixed asset has subsequently improved
- Asset capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the asset's life beyond that conferred by repairs and maintenance

Equipment

Equipment costing less than £2,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

NOTES TO THE ACCOUNTS (CONTINUED)

1 Accounting policies (continued)

All assets are depreciated over their useful economic life as follows:

Motor vehicles and general equipment	three years
Computer equipment	three years
Furniture and fittings	five years

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

Leased assets

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

Taxation

The College is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act 1988 (ICTA 1988).

Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

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

Liquid resources

Liquid resources include sums on short-term deposits with recognised banks.

Provisions

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

Agency arrangements

The College acts as an agent in the collection and payment of Learner Support Funds. Related payments received from the LSC and subsequent disbursements to students are excluded from the income and expenditure account and are shown separately in note 26, except for the 5 per cent of the grant received which is available to the College to cover administrative costs relating to the grant.

NOTES TO THE ACCOUNTS (CONTINUED)

2 Funding council grants

Learning
and Skills
Council
Total
2007
£'000

2006
£'000

Recurrent grant	5,311	4,166
Exceptional support funding	630	1,028
Setup grant	-	50
Releases of deferred capital grants (note 14)	1,083	1,082
Local Intervention Development Fund	-	15
Golden Hellos	<u>3</u>	<u>10</u>
Total	<u>7,027</u>	<u>6,351</u>

3 Other income

2007
£'000

2006
£'000

Other grant income	16	26
Other income	<u>210</u>	<u>244</u>
Total	<u>226</u>	<u>270</u>

4 Investment income

2007
£'000

2006
£'000

Interest receivable	12	11
Pension finance income (note 22)	<u>3</u>	<u>4</u>
Total	<u>15</u>	<u>15</u>

NOTES TO THE ACCOUNTS (CONTINUED)

5 Staff costs

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

	2007	2006
	Number	Number
Senior Management	3	3
Teaching departments – teaching staff	85	76
Administration and central services	<u>55</u>	<u>50</u>
	<u>143</u>	<u>129</u>
Staff costs for the above persons		
	2007	2006
		As restated
	£'000	£'000
Wages and salaries	3,809	3,362
Social security costs	280	255
Other pension costs (including FRS 17 adjustments)	<u>515</u>	<u>424</u>
Payroll sub-total	4,604	4,041
Contracted out staffing services	<u>13</u>	<u>19</u>
	<u>4,617</u>	<u>4,060</u>
	2007	2006
		As restated
	£000	£000
Senior management	248	235
Teaching departments – teaching staff	3,080	2,680
Administration and central services	1,117	1,005
FRS 17 retirement benefit charge	<u>159</u>	<u>121</u>
Payroll sub-total	4,604	4,041
Contracted out staffing services	<u>13</u>	<u>19</u>
Total	<u>4,617</u>	<u>4,060</u>

All staff, other than the Agency contracted staff, were employed on permanent contracts.

Restatement of comparative information

In order to better present the results of the College, payments for contracted out lecturing services have been included within staff costs in 2007 and the comparative figures restated accordingly. In addition, the previous year's treatment of the FRS 17 retirement benefit charge to apportion across relevant staff costs has been amended to disclose the charge as a single figure. The comparative figures have been restated accordingly.

NOTES TO THE ACCOUNTS (CONTINUED)

5 Staff costs (continued)

The number of senior post-holders and other staff who received emoluments, including pension contributions and benefits in kind, in the following ranges was:

	Senior post-holders		Other staff	
	2007 No.	2006 No.	2007 No.	2006 No.
£60,001 - £70,000	2	2	-	-
£70,001 - £80,000	-	-	-	-
£80,001 - £90,000	-	1	-	-
£90,001 - £100,000	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>3</u>	<u>3</u>	<u>-</u>	<u>-</u>

A pay award of 2.5% per cent was approved by the Corporation and paid with effect from September 2006 for all staff.

6 Senior post-holders' emoluments

Senior post-holders are defined as the Principal and holders of the other senior posts whom the Governing Body has selected for the purposes of the articles of government of the College relating to the appointment and promotion of staff who are appointed by the Governing Body.

	2007 Number	2006 Number
The number of senior post-holders including the Principal was:	<u>3</u>	<u>3</u>
Senior post-holders' emoluments are made up as follows:	2007 £000	2006 £000
Salaries	200	190
Pension contributions	<u>28</u>	<u>26</u>
Total emoluments	<u>228</u>	<u>216</u>

The above emoluments include amounts payable to the Principal (who is also the highest paid senior post-holder) of:

	2007 £000	2006 £000
Salary	81	77
Benefits in kind	-	<u>-</u>
	<u>81</u>	<u>77</u>
Pension contributions	<u>11</u>	<u>10</u>

NOTES TO THE ACCOUNTS (CONTINUED)

6 Senior post-holders' emoluments (continued)

The pension contributions in respect of the Principal and senior post-holders are in respect of employer's contributions to the Teachers Pension Scheme and are paid at the same rate as for other employees.

7 Other operating expenses

	2007 £'000	2006 As restated £'000
Teaching support services	408	523
Other support services	21	48
Administration and central services	379	317
General education	57	59
Premises – running costs	359	458
Premises – rents	<u>84</u>	<u>66</u>
Total	<u>1,308</u>	<u>1,471</u>

	2007 £'000	2006 £'000
Other operating expenses include:		

Auditors' remuneration		
- Financial statements audit	7	7
- Internal audit	10	12
- Other services provided by the financial statements auditors	5	5
Losses on disposal of tangible fixed assets	8	7
Hire of plant and machinery – operating leases	<u>65</u>	<u>70</u>

8 Taxation

The Governors do not believe the College was liable for any corporation tax arising out of its activities during the year.

NOTES TO THE ACCOUNTS (CONTINUED)

9 Tangible fixed assets

	Leasehold land £'000	Freehold buildings £'000	Equipment £'000	Total £'000
Cost or valuation				
At 1 August 2006	675	11,503	2,708	14,886
Additions	-	504	47	551
Disposals	<u>-</u>	<u>-</u>	<u>(13)</u>	<u>(13)</u>
At 31 July 2007	<u>675</u>	<u>12,007</u>	<u>2,742</u>	<u>15,424</u>
Depreciation				
At 1 August 2006	-	566	1,619	2,185
Charge for the year	-	300	837	1,137
Eliminated in respect of disposals	-	-	<u>(5)</u>	<u>(5)</u>
As At 31 July 2007	<u>-</u>	<u>866</u>	<u>2,451</u>	<u>3,317</u>
Net book value at 31 July 2007	<u>675</u>	<u>11,141</u>	<u>291</u>	<u>12,107</u>
Net book value at 31 July 2006	<u>675</u>	<u>10,937</u>	<u>1,089</u>	<u>12,701</u>
Revaluation	675	-	-	675
Financed by capital grant	-	10,529	221	10,750
Other	<u>-</u>	<u>612</u>	<u>70</u>	<u>682</u>
Net book value at 31 July 2007	<u>675</u>	<u>11,141</u>	<u>291</u>	<u>12,107</u>

The College has entered into a lease for land, on which the College is built, with Sheffield City Council. A nominal rent is being charged for the use of this land. In accordance with the accounting requirements of the Further and Higher Education Statement of Recommended Practice (SORP) and the College accounting policy, the economic benefit of the use of the land has been capitalised. This cost is deemed to be open market value. The land was valued by independent external valuers, GVA Grimley, Chartered Surveyors, as at 31 July 2004, on the basis of Existing Use Value in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors.

Land and buildings with a net book value of £10,529,000 (2006 £10,774,000) have been financed by exchequer funds. Should these assets be sold, the College may be liable, under the terms of the Finance Memorandum with the Council, to surrender the proceeds.

If land had not been revalued it would be included in the balance sheet at the following amounts:

Cost	Nil
Depreciation	<u>Nil</u>
Net book value based on cost	<u>Nil</u>

NOTES TO THE ACCOUNTS (CONTINUED)

10 Debtors		2007	2006
		£'000	£'000
Amounts falling due within one year:			
Trade debtors		33	72
Other debtors		2	-
Prepayments and accrued income		7	17
Amounts owed by the LSC		<u>-</u>	<u>74</u>
Total		<u><u>42</u></u>	<u><u>163</u></u>
11 Creditors: amounts falling due within one year		2007	2006
		£'000	£'000
Bank loan		16	-
Trade creditors		83	155
Other creditors		-	128
Accruals		26	19
Amounts owed to the LSC		<u>16</u>	<u>17</u>
Total		<u><u>141</u></u>	<u><u>319</u></u>
12 Creditors: amounts falling due after one year		2007	2006
		£'000	£'000
Bank loan		<u>384</u>	<u>-</u>
Total		<u><u>384</u></u>	<u><u>-</u></u>
13 Borrowings			
Bank loans			
Bank loans are repayable as follows:			
		2007	2006
		£'000	£'000
In one year or less		16	-
Between one and two years		17	-
Between two and five years		61	-
In five years or more		<u>306</u>	<u>-</u>
Total		<u><u>400</u></u>	<u><u>-</u></u>

The bank loan carries an interest charge of 1% above the banks base rate and is repayable by instalments falling due between 1 August 2007 and 31 July 2022.

NOTES TO THE ACCOUNTS (CONTINUED)

14 Deferred capital grants

	LSC £'000
At 1 August 2006	
Buildings	10,774
Equipment	1,009
Cash received	
Buildings	39
Equipment	11
Released to income and expenditure account	
Buildings	284
Equipment	<u>799</u>
Total	<u><u>10,750</u></u>
At 31 July 2007	
Buildings	10,529
Equipment	<u>221</u>
Total	<u><u>10,750</u></u>

15 Revaluation reserve

	2007 £'000	2006 £'000
At 1 August 2006 and 31 July 2007	<u>675</u>	<u>675</u>

16 Movement on general reserves

	2007 £'000	2006 £'000
Income and expenditure reserve		
At 1 August	206	250
Surplus/(deficit) retained for the year	206	(16)
Actuarial gain/(loss) in respect of pension scheme	<u>113</u>	<u>(28)</u>
At 31 July	<u><u>525</u></u>	<u><u>206</u></u>
Balance represented by:		
Pension reserve – (adverse)	21	(65)
Income and expenditure account reserve excluding pension reserve	<u>504</u>	<u>271</u>
At 31 July	<u><u>525</u></u>	<u><u>206</u></u>

NOTES TO THE ACCOUNTS (CONTINUED)

17	Reconciliation of operating surplus/(deficit) to net cash inflow from operating activities		As stated 2006 £'000
		2006 £'000	2006 £'000
	Surplus/(deficit) on continuing operations after depreciation of assets at valuation	206	(16)
	Depreciation (notes 1 and 9)	1,137	1,121
	Deferred capital grants released to income (note 2)	(1,083)	(1,082)
	Loss on disposal of tangible fixed asset	8	7
	Pension cost less contributions payable (notes 5, 7 and 22)	30	2
	Decrease/(increase) in debtors	47	(29)
	Decrease in creditors	(82)	(48)
	Interest receivable (note 4)	<u>(15)</u>	<u>(15)</u>
	Net cash inflow/(outflow) from operating activities	<u>248</u>	<u>(60)</u>
18	Returns on investments and servicing of finance		
		2007 £'000	2006 £'000
	Other interest received	<u>12</u>	<u>11</u>
	Net cash inflow from returns on investments and servicing of finance	<u>12</u>	<u>11</u>
19	Capital expenditure and financial investment		
		2007 £'000	2006 £'000
	Purchase of tangible fixed assets	(663)	(453)
	Deferred capital grant received	<u>124</u>	<u>217</u>
	Net cash outflow from capital expenditure and financial investment	<u>(539)</u>	<u>(236)</u>
20	Financing		
		2007 £'000	2006 £'000
	Debt due beyond a year:		
	New unsecured loans repayable by 2022	<u>400</u>	-
	Net cash inflow from financing	<u>400</u>	<u>-</u>

NOTES TO THE ACCOUNTS (CONTINUED)

21 Analysis of changes in net funds

	At 1 August 2006 £'000	Cashflows £'000	At 31 July 2007 £'000
Cash in hand, and at bank	184	121	305
Debt due within 1 year	-	(16)	(16)
Debt due after 1 year	<u>-</u>	<u>(384)</u>	<u>(384)</u>
Total	<u>184</u>	<u>(279)</u>	<u>(95)</u>

22 Pension and similar obligations

The College's employees belong to two principal pension schemes: the Teachers' Pensions Scheme England and Wales (TPS) for academic and related staff; and the South Yorkshire Pension Fund (SYPF) for non-teaching staff. Both are defined-benefit schemes.

Total pension cost for the year	2006/07	2005/06
	£'000	£'000
Teachers Pension Scheme: contributions paid	356	303
SYPF: Charge to the Income and Expenditure Account (staff costs)	<u>159</u>	<u>121</u>
Total pension cost for year	<u>515</u>	<u>424</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuations of the TPS was 31 March 2004 and the SYPF 31 March 2004.

Teachers' Pension Scheme

The TPS is an unfunded defined benefit scheme. Contributions on a "pay-as-you-go" basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purposes of determining contribution rates.

The pensions cost is assessed every five years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2004
Actuarial method	Projected benefits
Investment returns per annum	6.5 per cent annum
Salary scale increases per annum	5 per cent per annum
Notional value of assets at date of last valuation	£162,650 million

Proportion of members' accrued benefits covered by the notional value of the assets 98.88 per cent

NOTES TO THE ACCOUNTS (CONTINUED)

22 Pension and similar obligations (continued)

South Yorkshire Pension Fund (continued)

Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000 the Government Actuary carried out a further review on the level of employer contributions. For the period from 1 August 2004 to 31 July 2007 the employer contribution was 13.5%. The rate increased to 14.1% from 1 January 2007. The employee rate increased from 6% to 6.4% at the same date.

FRS 17

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the College has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The College has set out above the information available on the scheme and the implications for the College in terms of anticipated contribution rates.

South Yorkshire Pension Fund

The SYPF is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 July 2007 was £ 184,682 of which employer's contributions totalled £ 128,999 and employees' contributions totalled £55,683. The agreed contribution rates for future years are 13.9% for employers and 6% for employees.

FRS 17

The following information is based upon a full actuarial valuation of the fund at 31 March 2004 updated to 31 July 2007 by a qualified independent actuary.

	At 31 July 2007	At 31 July 2006	At 31 July 2005
Rate of increase in salaries	4.95%	4.75%	4.45%
Rate of increase for pensions in payment/inflation	3.2%	3.0%	2.7%
Discount rate for liabilities	5.8%	5.1%	5.0%

The assets and liabilities in the scheme (of which the college's share is estimated at 0.025%) and the expected rates of return were:

NOTES TO THE ACCOUNTS (CONTINUED)

22 Pension and similar obligations (continued)

South Yorkshire Pension Fund (continued)

	Long-term rate of return expected at 31 July 2007	Value at 31 July 2007 £000	Long-term rate of return expected at 31 July 2006	Value at 31 July 2006 £000	Long-term rate of return expected at 31 July 2005	Value at 31 July 2005 £000
Equities	7.5%	633	7.0%	395	7.5%	176
Government bonds	4.9%	142	4.4%	94	4.4%	46
Other bonds	5.8%	61	5.1%	45	5.0%	19
Property	6.5%	112	6.0%	69	6.5%	30
Cash	5.75%	<u>13</u>	4.5%	<u>9</u>	4.75%	<u>4</u>
Total market value of assets		<u>961</u>		<u>612</u>		<u>275</u>
Present value of scheme liabilities		<u>(940)</u>		<u>(677)</u>		<u>(314)</u>
Surplus/(deficit) in the scheme		<u>21</u>		<u>(65)</u>		<u>(39)</u>

NOTES TO THE ACCOUNTS (CONTINUED)

22 Pension and similar obligations (continued)

South Yorkshire Pension Fund (continued)

Analysis of the amount charged to income and expenditure account

	2007 £000	2006 £000
Employer service cost (net of employee contributions)	159	138
Past service gain	<u>-</u>	<u>(17)</u>
Total operating charge	<u>159</u>	<u>121</u>

Analysis of pension finance income

Expected return on pension scheme assets	45	27
Interest on pension liabilities	<u>(42)</u>	<u>(23)</u>
Pension finance income	<u>3</u>	<u>4</u>

Amount recognised in the statement of total recognised gains and losses (STRGL)

Actual return less expected return on pension scheme assets	43	28
Experience gains and losses arising on the scheme liabilities	-	(15)
Change in financial and demographic assumptions underlying the scheme liabilities	<u>70</u>	<u>(41)</u>
Actuarial gain/(loss) recognised in STRGL	<u>113</u>	<u>(28)</u>

Movement in surplus/(deficit) during year

Deficit in scheme at 1 August	(65)	(39)
Movement in year:		
Employer service cost (net of employee contributions)	(159)	(138)
Employer contributions	129	119
Past service gain	-	17
Net interest/return on assets	3	4
Actuarial gain/(loss)	<u>113</u>	<u>(28)</u>
Surplus/(deficit) in scheme at 31 July	<u>21</u>	<u>(65)</u>

History of experience gains and losses

	2007	2006	2005
Difference between the expected and actual return on assets:			
Amount £000	113	28	21
percentage of scheme assets	11.8%	4.6%	7.6%
Experience gains and losses on scheme liabilities:			
Amount £000	-	(15)	(15)
percentage of scheme liabilities	-	2.2%	4.8%
Total amount recognised in STRGL			
Amount £000	113	(28)	(56)
percentage of scheme liabilities	12%	4.1%	17.8%

NOTES TO THE ACCOUNTS (CONTINUED)

23 Capital commitments

	2007	2006
	£'000	£'000

Commitments contracted for at 31 July	<u>-</u>	<u>45</u>
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24 Financial commitments

At 31 July the College had annual commitments under non-cancellable operating leases as follows:

	2007	2006
	£'000	£'000

Expiring within two and five years inclusive	<u>37</u>	<u>65</u>
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25 Related party transactions

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

26 Learner support funds

	2007	2006
	£'000	£'000

Access funds

Funding Council grants	20	17
Disbursed to students	(9)	(16)
Administration costs	<u>(1)</u>	<u>(1)</u>

Balance unspent at 31 July, included in creditors	<u>10</u>	<u>-</u>
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LSC grants are available solely for students, the College acts only as paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.

INDEPENDENT REPORT TO THE CORPORATION OF LONGLEY PARK SIXTH FORM COLLEGE ('THE CORPORATION') AND THE LEARNING AND SKILLS COUNCIL ('THE LSC')

In accordance with the terms of our engagement letter and further to the requirements of the LSC, we have carried out a review to obtain assurance about whether, in all material respects, the expenditure (disbursed) and income (received) of Longley Park Sixth Form College ('the College') during the year ended 31 July 2007 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Corporation and the LSC. Our review work has been undertaken so that we might state to the Corporation and the LSC those matters we are required to state to them 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 and the LSC, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of the Members of the Corporation of Longley Park Sixth Form College and Auditors

The College's Corporation is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations, for ensuring that expenditure disbursed and income received are applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the Audit Code of Practice and the Regularity Audit Framework 2006/07 issued by the LSC. We report to you whether, in our opinion, in all material respects, expenditure disbursed and income received during the year ended 31 July 2007 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Basis of opinion

We conducted our review in accordance with the Audit Code of Practice and the Regularity Audit Framework 2006/07 issued by the LSC. Our review includes examination, on a test basis, of evidence relevant to the regularity and propriety of the College's income and expenditure.

Opinion

In all material respects the expenditure disbursed and income received during the year ended 31 July 2007 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Chartered Accountants

Date: