

WORTHING COLLEGE

Report and Financial Statements

**For the period ended
28 March 2019**

WORTHING COLLEGE

Report and Financial Statements for the period ended 28 March 2019

Key Management Personnel, Board of Governors and Professional advisers

Key management personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2018/19:

Mr P Riley – Principal and CEO; Accounting officer
Mr S Foden - Vice Principal

Board of Governors

A full list of Governors is given on pages 9 and 10 of these financial statements.

Clerk to the Corporation
Mrs A Fallon

Professional advisers

Financial statement and regularity auditor:

RSM UK Audit LLP
Portland
25 High Street
Crawley
West Sussex RH10 1BG

Internal auditors:

Mazars LLP
Regency House
3 Grosvenor Square
Southampton SO15 2BE

Bankers:

Barclays Bank PLC
1 Churchill Place
London E14 5HP

Legal Advisors:

Irwin Mitchell LLP
Thomas Eggar House
Friary Lane
Chichester
West Sussex PO19 1UF

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STRATEGIC REPORT

NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements for the period ended 28 March 2019.

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Worthing College.

In December 2009 the College made the decision not to designate as a Sixth Form College and is now classed as a General Further Education College. On 29 March 2019, the College dissolved, transferring the activities, assets and liabilities to Chichester College Group. The members report and financial statements that follow are final accounts for the College for the period ended 28 March 2019.

Public Benefit

The College is exempt under the Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Corporation, who are trustees of the charity, are disclosed on pages 9 and 10. In setting and reviewing the College's strategic objectives, the Corporation has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit. In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

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

The College Mission

To inspire, build confidence and prepare you for the life you want to live.

College Vision

We'll believe in you
We'll take you further than you expect
We'll provide an inspirational environment for you

The college plan defines the key activities for the college in 2018/19

The College Plan was set within the context of the five core values of the college and the one year strategic objectives.

Values:

- **Put people first**, care for students and staff, recognise each individual's needs;
- **Make teaching and learning the top priority**, value each person and foster individual learning to develop the whole person;
- **Work together with others** to raise the ambitions and achievement of everyone

- **Embrace diversity** and challenge all forms of discrimination;
- **Strive for excellence**, foster openness and trust and commit to continuous improvement where learners help shape improvements and the organisation as a whole.

Financial objectives

The College financial objectives for 2018/19 were as follows:

To remain financially sound and protect itself from unforeseen adverse changes in enrolments and generate sufficient income to enable the maintenance and improvement of its accommodation and equipment.

This will be achieved by the following:

- To achieve minimum Satisfactory health score in all three years of the forecast;
- To be on track to meet the bank covenant in all three years of the forecast, or have discussions with the bank should a waiver be required;
- To maximise cash days in hand;
- To achieve a positive current ratio in all three years of the forecast;
- To invest at least £40k on equipment and building works over the period;
- To maintain tight budgetary control on all non-pay budgets;
- To engage in any procurement initiatives to achieve savings in non-pay costs.

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

Performance indicators

Teaching and Learning

- Enrolment;
- Success rates (retention and achievement);
- Value added;
- Attendance;
- Lesson observation;
- Learner involvement;
- Progression

A series of performance indicators were agreed to monitor the successful implementation of the policies, reporting of these has been superseded by the dissolution of the College as a result of the merger in March 2019.

The College is committed to observing the importance of sector measures and indicators and use the FE Choices website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency. The Finance Record produces a financial health grading the current calculated grade is inadequate.

FINANCIAL POSITION

Finance results

The College generated a deficit before other gains and losses in the period of £575,000 (2017/18: deficit of £447,000), with total comprehensive loss of £2,145,000 (2017/18: £803,000 surplus).

The College has accumulated income and expenditure reserves, excluding pension scheme, of £10,636k (2017/18: £12,780k) and cash balances of £371k (2017/18: £846k)

Tangible fixed asset additions during the period amounted to £44k (2017/18: £151k). This was split between land and buildings acquired of £37k (2017/18: £136k), and equipment purchased of £7k (2017/18: £15k) and assets under construction of £nil (2017/18: £nil).

The assets and liabilities of Worthing College were transferred to Chichester College Group 29 March 2019 as a result of the merger.

Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking and investments; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has a treasury management section within the Financial Regulations. Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. Such arrangements are restricted by limits in the College's Financial Memorandum agreed with the Education and Skills Funding Agency. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

Cash flows and Liquidity

During the period there was cash outflow from operating activities of £291k (2017/18: cash outflow from operating activities £50k)

Going Concern

The College has made a deficit in the period which was affected by the following:

- Student numbers of 1,302 for 2018/19 were below the funded level of 1,348 resulting in a higher level of funding income compared to the cost of delivery. Funding has decreased in 2018/19 as it is based on the 2017/18 intake;
- As a consequence of the restructure pay costs to income were down on previous years;
- Efficiencies have been made during the period to reduce costs some of which will be recurrent;
- Recruitment for the current period is below target and this will adversely impact funding levels for 2019/20. The college has worked tirelessly on managing budgets tenaciously with mid year budget holder reviews and tight controls on release of budgeted funds.

Student numbers

In 2018/19 the College has delivered activity that has produced £3,546k which represents 8 months of funding body main allocation funding (2017/18: £5,750k full year). The College had 1,302 16-18 year old funded students which was below its target of 1,350 for 2018/19.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2018 to 28 March 2019 the College paid 89.8% of invoices within the 30 day period allowing for payments made by direct debit and any invoices incorrectly raised. It incurred no interest charges in respect of late payment for this period.

Cash flows and liquidity

During the period ended 28 March 2019 the College had a cash outflow of £278k and a net current liability position of £3,453k at 28 March 2019. Forecasts have been prepared to support the fact that the College can continue to pay its debts as they fall due up to the date of merger.

RESOURCES:

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

Financial

The College has £10.7m of net assets after accounting for a £1.6m pension deficit and short term bank debt of £3.0m.

People

The College employs 148 full time equivalent employees (including apprentices) of whom 56 are teaching staff.

Reputation

The College has a good reputation locally and nationally. Maintaining high standards is essential for the College's success at attracting students.

STAKEHOLDER RELATIONSHIPS

In line with other colleges and with universities, Worthing College has many stakeholders. These include:

- Students;
- Education Sector Funding Bodies;
- Staff;
- Local employers;
- Local Authorities;
- Government Offices/ Regional Development Agencies;
- The local community;
- Other FE institutions, schools and universities;
- Trade Unions;
- Professional Bodies.

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

TRADE UNION FACILITY TIME

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, where a public authority (including FE colleges) has more than 49 full time equivalent employees throughout any 7 months within the reporting period, it must include information included in Schedule 2 of the Regulations. The information to be published consists of four tables covering:

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
5	3.57

Percentage of time spent on facility time

Percentage of time - %	Number of employee
0	
1-50	5
51-99	
100	

Percentage of pay bill spent on facility time

Provide the total cost of facility time	840
Provide the total pay bill	3,461,000
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time / total pay bill) x 100	0.02%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (Total hours spent on paid trade union activities by relevant union officials during the relevant period / total paid facility time hours) x 100	0%
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Events after the end of the reporting period

On 29 March 2019 the activities, assets and liabilities of Worthing College were transferred to Chichester College Group.

The College will remain as Worthing College but will be recognised as Chichester College Group as a legal entity.

EQUALITY AND DIVERSITY

The College believes that:

- All people have a right to work or study at the college with an equal chance of success, free from fear of discrimination, harassment or intimidation;
- Promoting equality, fairness and diversity in the college is everybody's responsibility.

The College places equality and diversity at the heart of all activities and believes that the following values are central to achieving its Mission and Vision:

- Embracing and celebrating diversity;
- Creating a welcoming and inclusive environment;
- Removing barriers to access and progression;
- Raising awareness of equality and diversity issues;
- Combatting all forms of discrimination and harassment;
- Embedding equality and diversity in teaching and learning, guidance and services.

The College will strive to achieve these values by:

- working to ensure equality of access and resources for all;
- providing an environment which promotes equality and diversity and is free from discrimination, harassment or victimisation of any kind against any of the following aspects of an individual's identity:
 - Age;
 - Disability;
 - Gender (including transsexual and transgender people);
 - Religion and belief;
 - Sexual Orientation;
 - Gender and status (including men, women, married people, single people, people in a civil partnership, pregnancy, maternity, paternity and carers);
 - Socio Economic Status (as measured by multiple indices of social deprivation);
 - Race (including nationality and black and minority ethnic background).
- preparing students for life and work in a multi-cultural society;
- enabling a representative cross-section of the local community to take part in educational activities;
- working to establish a workforce and Corporation which reflects the local community;
- respecting equally, supporting appropriately and rewarding fairly each student, employee, and user of its services;
- training staff in equality and diversity issues and how to put them into practice;
- set targets for, monitor and evaluate provision and policies;
- complying with all current equalities legislation in employment and provision of teaching and services.

As a public sector organisation we recognise our statutory responsibilities under the Equality Act 2010 and acknowledge our commitment to the five key steps framework for the development of our Equality and Diversity annual action plans to ensure there is transparency in how the College is responding directly to our statutory duties.

The five key steps:

- Gather information on how your work affects different racial groups, disabled people and men and women, including transsexual men and women;
- Consult employees, service users, trade unions and other stakeholders, and involve disabled people;
- Assess the impact of your policies and practices;
- In the light of this evidence decide what your priorities for taking action should be;
Take the action that will deliver the best outcomes in race, disability and gender equality.

Equal opportunities

The College considers all applications for employment against the person/post specification. Staff are trained in equal opportunities as part of recruitment training. Should an existing employee become disabled, the college will make a full assessment to ensure that reasonable adjustments are made to ensure that employment with the College continues. The College's policy is to remove barriers to training, career development and opportunities for promotion which disabled employees might experience.

Disability statement

The College seeks to achieve the objectives set down in the Equality Act 2010

- a) As part of its accommodation strategy the College will continue to consider and ensure accessibility to all.
- b) The College screens all students to identify any additional support needs. The Student Advice and Support Team provide information, advice and arranges support where necessary for students with disabilities.
- c) The College has a range of specialist equipment, such as hearing loops and assistive technology.
- d) The admissions process for all students encourages disclosure of disabilities and learning difficulties so that reasonable adjustments can be made. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- e) There are a number of additional support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- f) Counselling and welfare services are described in the Additional Support Guide, which is issued to students together with details of the Complaints and Disciplinary Procedures at induction.

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

Approved by order of the members of the Corporation of Chichester College Group
on 11 December 2019 and signed on its behalf by:



Dr James Sarmecanic
Chairman of Chichester College Group

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 2018 to 28th March 2019 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

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

The College has not adopted the UK Corporation Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

The Corporation 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.

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

The Corporation

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

	Date of Appointment	Term of office	Date of Resignation	Status of appointment	Committees Served	Corporation Meeting Attendance (2018-19)
Paul Amoo	June 2014, 2018	4 years,		External	Chair of Corporation. Remuneration	89%
Sarah Bideleux	November 2018	2 years	February 2019	Parent	Quality	60%
Roy Bowden	February 2015, 2019	4 years, until merger		External	Vice Chair of Corporation. Quality, Remuneration	100%
Steve Cooper	July 2018	4 years		External	Audit	89%
Grace Crewes	Feb 2019	1 year		Student		67%
Val Ellis	June 2015	4 years		External	Audit, Remuneration	60%
Joanne Fowler	March 2017	4 years		External	Remuneration, Resources	50%

	Date of Appointment	Term of office	Date of Resignation	Status of appointment	Committees Served	Corporation Meeting Attendance (2018-19)
Rebecca Harris	May 2018	1 year		Student	Quality	78%
Tom Heery	September 2018	4 years		Staff	Quality	89%
Ian Hughes	July 2018	4 years		External	Resources	67%
Alistair McKail	November 2018	2 years		Parent	Audit	57%
Paul Riley	September 2016	Duration of appointment		Principal	Quality, Resources	100%
Sally Skinner	November 2016	4 years		External	Audit	78%
Elizabeth Sparkes	December 2013, 2017	4 years, 4 years		External	Resources	78%
Jane Thorns	September 2016	4 years		Support Staff	Resources	89%
Richard Bradford	February 2015, 2019	4 years, until merger		Associate	Quality	78%
Sue Jenkins	February 2015, 2019	4 years, until merger		Associate		43%
Wayne Taylor	December 2017	4 years	September 2018	Associate (Staff)	Resources	n/a
Hazel Thorpe	October 2009, 2013, 2017	4 years		Associate		71%

Andrea Fallon was 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 Audit, Quality, Resources, Remuneration and Search. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website at www.worthing.ac.uk or from the Clerk to the Corporation at:

Worthing College
1 Sanditon Way
Worthing College
W. Sussex,
BN14 9FD

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.

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 Chairman and Principal /Accounting Officer are separate.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search Committee, consisting of 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 for the period ended 28 March 2019 and graded itself as Good on the Ofsted scale.

Remuneration Committee

Throughout the period ending 28 March 2019 the College's Remuneration Committee comprised four members of the Corporation. The Committee's responsibilities are to act on behalf of the Board on determining the remuneration and benefits of the Principal /Accounting Officer, other key management personnel and the Clerk.

Details of remuneration of key management personnel for the year period 28 March 2019 are set out in note 7 to the financial statements.

Audit Committee

The Audit Committee comprises five members of the Corporation (excluding the Principal / Accounting Officer, the Chair and members of the Resources Committee and Staff Governors). 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 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, regularity and financial statements auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Corporation.

Resources Committee

The Resources Committee assists the Corporation in fulfilling its duties in respect of financial, physical and human resources including health and safety, business and marketing activities and information technology. The Resources Committee advises and makes recommendations to the Corporation on these matters.

Quality Committee

The Quality Committee has a remit to monitor and evaluate the quality and effectiveness of the college's provision to students and customers and advise the Corporation accordingly.

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 Worthing College and the funding bodies. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Worthing College for the period ended 28 March 2019 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 28 March 2019 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 Corporation
- regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate.

Worthing College has appointed 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.

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, the appointed funding auditors in their management letters and other reports.

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

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

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

Going concern

The Corporation of Worthing College approved the dissolution of the College. The College's assets and liabilities were transferred to Chichester College Group on 28 March 2019.

The financial statements are therefore prepared on a basis other than going concern as the College ceased to trade on 28 March 2019. The activities of the College will continue in Chichester College Group, and hence no adjustment is required to the carrying value of the assets and liabilities as at 28 March 2019

No material adjustments arose as a result of ceasing to apply the going concern basis.

Approved by order of the members of the Corporation on behalf of Worthing College on *11 December* 2019 and signed on its behalf by:

Signed



Dr James Sarmecanic
Chairman of Chichester College Group

Signed

Shelagh Legrave OBE
Accounting Officer of Chichester College Group

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

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

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

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

Signed



Dr James Sarmecanic
Chairman of Chichester College Group

Signed



Shelagh Legrave OBE
Accounting Officer of Chichester College Group

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 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
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the corporation will continue in operation.

The corporation is also required to prepare a Members' Report that 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 corporation, 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 in order to safeguard the assets and to prevent and detect fraud and other irregularities.

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

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the 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. 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 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 the ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation of Chichester College Group on behalf of Worthing College on 11 December 2019 and signed on its behalf by:



Dr James Sarmecanic
Chairman of Chichester College Group

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF CHICHESTER COLLEGE GROUP IN RESPECT OF WORTHING COLLEGE

Opinion

We have audited the financial statements of Worthing College (the 'College') for the period ended 28 March 2019 which comprise the college statement of comprehensive income, the college balance sheet, college statement of changes in reserves, the college statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 28 March 2019 and of the College's deficit of income over expenditure for the period then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the College and the Chichester College Group 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.

Emphasis of Matter – non going concern basis

We draw attention to note 1 of the financial statements which describes the preparation of the financial statements on a non-going concern basis. As described in the accounting policies, the College dissolved on 29 March 2019 and its activities, assets and liabilities transferred to Chichester College Group and the Corporation have concluded that it is no longer appropriate to prepare the financial statements on a going concern basis. There have been no adjustments made to the financial statements as a result of the application of the non-going concern basis of accounting. Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2018 to 2019 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

Responsibilities of the Corporation of Chichester College Group in respect of Worthing College

As explained more fully in the Statement of the Corporation Responsibilities set out on page 13, 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 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 Dissolved 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 Corpoartion either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 3 May 2019. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP

Chartered Accountants

Portland
25 High Street
Crawley
RH10 1BG

Date: *17 December 2019*

WORTHING COLLEGE
STATEMENT OF COMPREHENSIVE INCOME (SOCI
FOR THE PERIOD ENDED 28 MARCH 2019

			Period	Year
			Ended	Ended
			28 March	31 July
	Notes		2019	2018
			£000	£000
Income				
Funding body grants	2		3,728	5,973
Tuition fees and education contracts	3		259	346
Other income	4		947	1,477
Investment income	5		6	3
Total income			4,940	7,799
Expenditure				
Staff costs	6		3,731	5,538
Other operating expenses	8		1,458	2,117
Depreciation	11		270	467
Interest payable	9		56	124
Total expenditure			5,515	8,246
(Deficit) before tax			(575)	(447)
Taxation	10		-	-
(Deficit) for the year			(575)	(447)
Actuarial (loss)/gain in respect of pensions schemes	17		(1,569)	1,250
Total Comprehensive (Expenditure)/Income for the year			(2,144)	803


WORTHING COLLEGE

BALANCE SHEET AS AT 28 MARCH 2019

	Notes	28 March 2019	31 July 2018
		£000	£000
Fixed assets			
Tangible assets	11	21,382	21,622
Total fixed assets		21,382	21,622
Current assets			
Stock		17	18
Debtors	12	595	361
Cash at bank and in hand		371	846
Total current assets		983	1,225
Creditors - amounts falling due within one year	13	(4,484)	(4,567)
Net current liabilities		(3,501)	(3,342)
Total assets less current liabilities		17,881	18,280
Creditors - amounts falling due after more than one year	14	(5,403)	(5,498)
Net assets excluding pension liability		12,477	12,782
Provisions for liabilities			
Net pension (liability)/asset	17	(1,595)	80
Provisions	21	(164)	
NET ASSETS INCLUDING PENSION (LIABILITY)/ASSET		10,718	12,862
Reserves			
Income and expenditure account		10,636	12,780
Restricted reserves		82	82
TOTAL FUNDS		10,718	12,862

The financial statements on pages 16 to 35 were approved and authorised for issue by the Corporation of Chichester College Group on behalf of Worthing College on 11 December 2019 and were signed on its behalf on that date by:


 Dr James Sarnecanic
 Chairman of Chichester College Group


 Shelagh Legrave OBE
 Accounting Officer of Chichester College Group

WORTHING COLLEGE
STATEMENT OF CHANGES IN RESERVES

			Restricted reserve	Income and Expenditure account
			£000	£000
Balance at 1 August 2017			82	11,977
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax			-	(447)
Other comprehensive income			-	1,250
Total comprehensive income for the year			-	803
Balance at 31 July 2018			82	12,780
Deficit on continuing operations after depreciation of assets at valuation, disposal of assets and tax			-	(575)
Other comprehensive income			-	(1,569)
Total comprehensive expenditure for the period			-	(2,144)
Balance at 28 March 2019			82	10,636

WORTHING COLLEGE
CASH FLOW STATEMENT
FOR THE PERIOD ENDED 28 MARCH 2019

		Period	Year
		Ended	Ended
		28 March	31 July
	Notes	2019	2018
		£'000	£'000
Cash inflow from operating activities			
(Deficit)/Surplus for the period		(575)	(447)
Adjustment for			
Pensions costs less contributions payable		107	259
Investment income		(6)	(3)
Interest payable		56	96
Depreciation		270	467
Decrease in stocks		1	8
(Increase)/Decrease in debtors		(234)	109
(Decrease) in creditors due within one year		(85)	(398)
Increase/(Decrease) in creditors due after one year		11	(141)
Increase in other provisions		164	-
Net cash flow from operating activities		(291)	(50)
Cash flows from investing activities			
Investment income		6	3
Payments made to acquire fixed assets		(30)	(150)
		(24)	(147)
Cash flows from financing activities			
Interest paid		(56)	(96)
Repayments of amounts borrowed		(104)	(138)
		(160)	(234)
(Decrease)/Increase in cash and cash equivalents in the period		(475)	(431)
Cash and cash equivalents at beginning of the period		846	1,277
Cash and cash equivalents at end of the period		371	846

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2: FUNDING BODY GRANTS					Period	Year
					Ended	Ended
					28 March	31 July
					2019	2018
					£000	£000
Recurrent grant						
Education and Skills Funding Agency - adult					76	114
Education and Skills Funding Agency - 16 -18					3,470	5,603
Education and Skills Funding Agency - apprenticeships					106	142
Specific grants						
Releases of government capital grants					76	114
					3,728	5,973

3: TUITION FEES AND EDUCATION CONTRACTS					Period	Year
					Ended	Ended
					28 March	31 July
					2019	2018
					£000	£000
TUITION FEES						
Adult education fees					130	142
International student fees					129	204
					259	346

4: OTHER INCOME					Period	Year
					Ended	Ended
					28 March	31 July
					2019	2018
					£000	£000
Letting income					151	206
Contributions to College funds					36	6
Catering and vending					115	174
Nursery activities					441	666
Examination fees					10	10
Releases of non-government capital grants					18	27
Other					165	323
Government Grants					10	65
					946	1,477

5: INVESTMENT INCOME					Period	Year
					Ended	Ended
					28 March	31 July
					2019	2018
					£000	£000
Interest receivable					6	3

6: STAFF COSTS

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

	Period Ended 28 March 2019 No.	Year Ended 31 July 2018 No.
Staff numbers expressed as full-time equivalents		
Teaching staff	56	58
Non teaching staff	92	112
	148	170
	Period Ended 28 March 2019 £000	Year Ended 31 July 2018 £000
Wages and salaries	2,704	4,207
Social security costs	224	331
Other pension costs	625	996
	3,553	5,534
Restructuring costs - contractual	178	4
Total	3,731	5,538

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 which comprises the Principal and Vice Principal. Staff costs include compensation paid to key management personnel for loss of office.

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

	Period Ended 28 March 2019 No.	Year Ended 31 July 2018 No.
The number of key management personnel including the	2	2

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

Key management personnel		
	Period Ended 28 March 2019	Year Ended 31 July 2018
£65,001 to £70,000	1	1
£95,001 to £100,000	1	1
	2	2

The figures for 2019 are based on 12 months salary.

7: EMOLUMENTS OF KEY MANAGEMENT PERSONNEL

Key Management Personnel's emoluments are made up as follows:

The figures for 2019 are based on 8 months salary.

	Period Ended 28 March 2019 £000	Year Ended 31 July 2018 £000
Salaries	113	168
Pension contributions	18	28
Total emoluments	131	195
Employers national insurance	14	21
Total	145	216

The above emoluments include amounts paid to the Accounting Officer (who is also the highest paid post-holder) of:

	Period Ended 28 March 2019 £000	Year Ended 31 July 2018 £000
Salary	67	100
Benefits in kind	1	1
	68	101
Pension contributions	11	16
Total	79	117

The remuneration of the Accounting Officer for 2018-19 was determined on 8th October 2018 by the College's Remuneration Committee. The Accounting Officer was not involved in setting their remuneration. The factors taken into account by the Committee in determining the Accounting Officer's remuneration of the period to 28th March 2019 included Cost of living increases, Sector data on pay of accounting officers and performance factors both personal and organisational. The performance assessment was carried out by Chair of Corporation and reviewed by the Remuneration Committee. A similar approach was used to determine the remuneration of other key management personnel.

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

Compensation for loss of office of £15k (2018:£nil) was paid to 1 key management personnel (2018:none). All severance payments were approved by the Remuneration Committee.

The members of the Corporation, other than the Accounting Officer and the staff member, did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

The Relationship between the accounting officer's emoluments, expressed as a multiple of all other employees based on full-time equivalents, is set out below for both basic salary and total remuneration:

	Period Ended 28 March 2019 No	Year Ended 31 July 2018 No
Basic salary as a multiple of median basic salary of staff	4.5	4.5
Total remuneration as a multiple of median total remuneration of staff	4.5	4.5

8: OTHER OPERATING EXPENSES						Period	Year
						Ended	Ended
						28 March	31 July
						2019	2018
						£000	£000
Teaching costs						349	580
Non-teaching costs						621	884
Premises costs						488	653
						1,458	2,117
Deficit for the year is stated after charging						£000	£000
Auditor's remuneration							
- financial statement audit						17	14
- teachers pension engagement						1	1
Hire of other assets - operating leases						155	235

9: INTEREST PAYABLE						Period	Year
						Ended	Ended
						28 March	31 July
						2019	2018
						£000	£000
Pension finance cost						-	28
On bank loans, overdrafts and other loans:						56	96
						56	124

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

11: TANGIBLE FIXED ASSETS					
				Freehold land & buildings	Equipment
				£000	£000
At cost					
At 1 August 2018				22,880	1,789
Additions				23	7
At 28 March 2019				22,903	1,796
Depreciation					
At 1 August 2018				1,424	1,623
Charge for period				210	60
At 28 March 2019				1,634	1,683
Net book value					
At 28 March 2019				21,269	113
Net book value					
At 31 July 2018				21,456	166

12: DEBTORS					
				28 March 2019	31 July 2018
				£000	£000
Amounts falling due within one year					
Trade debtors				163	256
Amounts due from ESFA				-	-
Prepayments and accrued income				433	105
Total				595	361

13: CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
				28 March 2019	31 July 2018
				£000	£000
Bank loans (note 15)				3,094	3,198
Payments received on account				165	290
Trade creditors				29	14
Other Tax and Social Security				86	86
Amount due to pension providers				87	39
Other creditors				196	234
Accruals				548	408
Deferred Income- government capital grants				142	142
Amounts owed to funding body				137	156
Total				4,484	4,567

14: CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
				28 March 2019 £000	31 July 2018 £000
Bank loans (note 15)				-	-
Deferred income- government capital grants				5,403	5,498
Total				5,403	5,498

15: Maturity of debt					
Bank Loans and overdrafts					
				28 March 2019 £000	31 July 2018 £000
Bank loans are repayable as follows:					
In one year or less				138	138
Between one and two years				138	138
Between two and five years				413	413
In five years or more				2,405	2,508
Total				3,094	3,197

The college has a loan with Barclays which is repayable in July 2023. The interest rate payable on the loan is LIBOR plus 1.85% and is secured by a charge on The College's premises. The payments are made quarterly.

At 31 July 2018 and 28 March 2019 the college was in breach of one of the two covenants that are attached to the loan. No waiver of the loan has been obtained therefore it has been classified as falling due within one year. The loan was repaid in full following the merger on 29 March 2019.

16: FINANCIAL INSTRUMENTS					
				28 March 2019 £000	31 July 2018 £000
The college has the following financial instruments:					
Financial assets					
Debt instruments measured at amortised cost				163	259
Financial liabilities					
Financial liabilities measured at amortised cost				3,670	3,620

17: PENSION AND SIMILAR OBLIGATIONS

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

	Period Ended 28 March 2019 £000	Year Ended 31 July 2018 £000
Total pension cost for the year		
Teachers' Pension Scheme: contributions paid	249	361
Local Government Pension Scheme:		
Contributions paid	269	404
FRS 102 (28) charge	107	231
Charge to the Statement of Comprehensive Income	376	635
Total Pension Costs for Year in staff costs	625	996

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

Contributions amounting to £87,000 (2018: £87,000) were payable to the schemes at 28 March 2019 and are included within creditors.

THE TEACHERS' PENSION SCHEME

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

17: PENSION AND SIMILAR OBLIGATIONS (continued)

Valuation of the Teachers' Pension Scheme

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

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

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

The TPS valuation for 2012 determined an employer rate of 16.48% (including a 0.08% administration fees), which was payable from September 2015. The next valuation of the TPS is currently underway based on March 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the year amounted to £249,000 (2018: £361,000).

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

WEST SUSSEX COUNTY LOCAL GOVERNMENT PENSION FUND (WSCPF)

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

The total contribution made for the period ended 28 March 2019 was £328k (2018: £498k) of which employer's contributions totalled £269k (2018: £404k) and employees' contributions totalled £59k (2018: £94k).

Principal Actuarial Assumptions

The following information is based on the full actuarial valuation of the fund at 31 March 2016 updated to 28 March 2019 by a qualified independent actuary.

	As at 28 March 2019	As at 31 July 2018
Rate of increase in salaries (*)	3.20%	3.10%
Rate of increase in pensions	2.50%	2.40%
Discount rate for liabilities	2.40%	2.80%
Commutation of pensions to lump sums	50.00%	50.00%

17: PENSION AND SIMILAR OBLIGATIONS (continued)			
The current mortality assumptions include sufficient allowance for the future improvements in mortality rates. The assumed life expectations on retirement age 65 are:			
	At 28 March	At 31 July	
	2019	2018	
Current Pensioners			
Males	23.6	23.6	
Females	25.0	25.0	
Future pensioners			
Males	26.0	26.0	
Females	27.8	27.8	
The assets in the scheme (of which the College's share is estimated to be 0.27%) and the expected rates of return were:			
	Value at	Value at	
	28 March 19	31 Jul 18	
	£000	£000	
Equities	6,180	6,290	
Bonds	4,278	4,077	
Property	1,070	932	
Cash	356	349	
Total market value of assets	11,884	11,648	
Actual return on plan assets	250	1,021	
Amounts recognised in the Statement of Comprehensive income in respect of the plan are as follows:			
	Period	Year	
	Ended	Ended	
	28 March 2019	31 July 2018	
	£000	£000	
Current service cost	376	635	
Net interest	(1)	28	
Total	375	663	
Movement in the net defined benefit asset during the year			
	Period Ended		
	28 March 2019		
	£000		
(Deficit) in scheme at 1 August	80		
Movement in year:			
Current service charge	(376)		
Employer contributions	269		
Net interest	1		
Actuarial loss	(1,569)		
Deficit in scheme at 28 March	(1,595)		

17: PENSION AND SIMILAR OBLIGATIONS (continued)	
	Period Ended
Changes in the present value of defined benefit obligations	28 March 2019
	£000
Defined benefit obligations at the start of the period	11,568
Current service cost	376
Interest cost	216
Contributions by scheme participants	59
Actuarial gain	1,391
Benefits paid	(131)
Defined benefit obligations at end of period	13,479
	Period Ended
Reconciliation of Assets	28 March 2019
	£000
Fair value of plan assets at start of period	11,648
Interest on plan assets	217
Return on plan assets	(178)
Employer contributions	269
Contributions by scheme participants	59
Benefits paid	(131)
Assets at end of period	11,884

18: FINANCIAL COMMITMENTS			
At the 28 March the College had total future minimum lease payments under non-cancellable operating leases as follows:			
		28 March	31 July
		2019	2018
		£000	£000
Other			
Not later than one year		158	199
Later than one year and not later than five years		134	149
		292	348

19: 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 the organisation in which a member of the board of governors may have an interest. All transactions involving organisations in which a member of the board of governors may have an interest are conducted at arm's length and in accordance with the college's financial regulations and normal procurement procedures.	
The total expenses paid to the Governors during the year was £738; 5 governors (2018 £508; 3 governors) This represents travel and subsistence for meetings and events outside the usual cycle of meetings.	
Key management compensation disclosure is as included in note 7.	

20: AMOUNTS DISBURSED AS AGENT					
Bursary and discretionary funds					
				28 March	31 July
				2019	2018
				£000	£000
Funding Body Grant - bursary support				308	218
Disbursed to students				(164)	(142)
Administration fee				(7)	(7)
Balance at 28 March				137	69

Grants are available solely for students; the College acts only as paying agents. The grants and related disbursements are therefore excluded from the income and Expenditure Account. The surplus for 16-19 bursaries of £137k (2017/18: 69k) and will be carried forward to next year.

21: PROVISIONS					
				Restructuring	Total
				£000	£000
At 1 August 2018				-	-
Additional provision in the period				164	164
At 28 March 2019				164	164

22: DISSOLUTION OF THE COLLEGE					
On 27 March 2019, the Corporation of Worthing College approved the dissolution of the college and a merger between the College and Chichester College Group. On 29 March, the activities, assets and liabilities of the College were transferred to Chichester College Group					

Statement of Accounting Policies

General information

Worthing College is a corporation established under the Further and Higher Education Act 1992 as an English general college of further education. The address of the College's principal place of business is given on page 11. The nature of the College's operations is set out in the Strategic Report.

Basis of Preparation

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies. The financial statements are prepared in sterling, which is also the functional currency of the College. Monetary amounts in the financial statements are rounded to the nearest £1,000, except where otherwise indicated.

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 cashflow, liquidity and borrowings are described in the Financial Statements and accompanying notes.

The College has been working towards implementation of the recommendation that it should explore a merger with a strong college with a suitable partner identified as soon as possible. The suitable partner identified being Chichester College.

On 27 March 2019 the Corporation of Worthing College approved the dissolution of the College and a merger between the College and Chichester College Group. The activities, assets and liabilities of the College transferred to Chichester College Group on 29 March 2019 and the College dissolved on that date.

The financial statements are therefore prepared on a basis other than going concern as required by FRS102 as the College dissolved on 29 March 2019.

No material adjustments arose as a result of ceasing to apply the going concern basis.

Recognition of Income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement in the Adult Education Budget allocation is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of November following the year end. This process may involve negotiations in respect of over achievement or adjustments to clawback in respect of under achievement, however where negotiations are subsequent to the yearend they are not reflected in the income recognised. 16-18 learner-responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments.

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

Other income

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

Income from grants, contracts and other services rendered is included to the extent of the completion of the 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.

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.

West Sussex 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.

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

Stocks

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

Agency Arrangements

The College acts as an agent in the collection and payment of certain discretionary support. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Maintenance of Premises

Planned maintenance costs are charged to the income and expenditure accounts as they are incurred.

Taxation

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

The College is exempt from levying VAT on most of the services. For this reason, the College is generally unable to recover input VAT it suffers on goods and services purchased.

Leased Assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives 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. Currently the college does not have any agreements that could be classed as finance leases.

Tangible Fixed Assets

Land and Buildings

Land and buildings inherited from the local education authority (LEA) are stated in the balance sheet at valuation (1993). The basis of valuation of buildings is depreciated replacement cost, as the open market value for existing use is not readily obtainable. Freehold land is not depreciated. Buildings acquired from the LEA are depreciated over the expected useful economic life to the College of thirty years. New buildings are depreciated over 50 years. Subsequent improvements are included at cost and are depreciated over the expected useful economic life to the College of fifteen years.

Where the land and buildings are acquired with the aid of special 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, have been capitalised and form part of the costs 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.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1993, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

- Subsequent expenditure on existing fixed assets

Where subsequent expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it is probable that such costs will generate future economic benefit.

- Equipment

Equipment costing less than £500 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

Inherited equipment was depreciated on a straight line basis over its remaining useful economic life to the College of five years. All other equipment is depreciated over its useful economic life as follows:

- Computer equipment 33% per year on a straight line basis and,
- Other equipment 20% per year on a straight line basis.

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.

Financial instruments

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

Financial assets and liabilities

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

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

All financial assets and liabilities are initially measured at transaction price (including transaction costs) except for those financial assets which are required to be measured at fair value through income and expenditure. A financial asset or liability that is payable or receivable in a year is measured at the undiscounted amount expected to be received or paid unless it is a financing transaction.

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

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Provisions

The restructuring provision relates to the exceptional restructuring costs arising from the merger of the College with Chichester College Group which was announced in July 2018 and for which redundancy notices were served in April 2019.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Other key sources of estimation uncertainty

- Tangible fixed assets

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

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 17, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 28 March 2019. 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.

- Impairment of fixed assets

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

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF CHICHESTER COLLEGE GROUP IN RESPECT OF WORTHING COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH EDUCATION AND SKILLS FUNDING AGENCY

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 3 May 2019 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA"), to obtain limited assurance about whether the expenditure disbursed and income received by Worthing College during the period 1 August 2018 to 28 March 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2018 to 28 March 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

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

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

Responsibilities of Chichester College Group in respect of Worthing College for regularity

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

Reporting accountant's responsibilities for reporting on regularity

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

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

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2018 to 28 March 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework

of authorities including the specific requirements of the grant funding agreements and contracts with the ESFA and high level financial control areas where we identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

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

Use of our report

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

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Date: *17 December 2019*