



# Hills Road Sixth Form College Cambridge

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 July 2023

## CONTENTS

Strategic Report.....	1
Statement of Corporate Governance and Internal Control.....	14
Statement of Regularity, Propriety and Compliance.....	24
Statement of the Responsibilities of the Members of the Corporation .....	25
Independent Auditor's Report to the Corporation of Hills Road Sixth Form College .	27
Reporting Accountants' Assurance Report on Regularity.....	32
Consolidated Statements of Comprehensive Income and Expenditure .....	34
Consolidated and College Statement of Changes in Reserves.....	35
Balance Sheets at as 31 July 2023 .....	36
Consolidated Statement of Cash Flows.....	37
Notes to the Accounts .....	38

## **Reference and Administrative Details**

### **Corporation (Board of Governors)**

K Ashby  
A Clark  
R Coggins (to 6 June 2023)  
J Cross  
A Day (to 31 July 2023)  
J Evans  
E Fletcher  
I Harvey (to 4 June 2023)  
P Heaney (from 29 March 2023)  
W Menon  
A Minson  
A Omo  
K Paton (from 7 June 2023)  
W Patterson (from 7 June 2023)  
C Philbin  
J Russell (from 31 October 2023)  
J Sterling  
K Taylor  
J Trump  
E Uygun  
R Westcott

### **Clerk to the Corporation**

R Smith

### **Senior Management Team**

J Trump	Principal and Accounting Officer
N Dartnell	Deputy Principal (until 31 March 2023)
S Hanif	Vice Principal - Finance and Operations (from 7 November 2022)
A Kirkman	Assistant Principal – Curriculum Development
T Lomas	Assistant Principal – Student Progression & Support (from 5 June 2023)
I Pryer	Assistant Principal – Quality & Systems
T Roden	Assistant Principal – Finance and Operations (until 31 December 2022)
T Roden	Associate Principal – Business Development (From 1 January 2023 to 30 June 2023)

**Principal and Registered Office** Hills Road, Cambridge CB2 8PE

### **Professional Advisers**

External auditor	Buzzacott LLP
Internal auditors	MHA MacIntrye Hudson
Solicitors	Eversheds LLP
Bankers	Barclays Bank, 9-11 St Andrews Street, Cambridge

## **HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**

### **Strategic Report**

### **Year ended 31 July 2023**

#### **Nature, Objectives and Strategies**

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

#### **Legal status**

The Corporation, which was incorporated as Hills Road Sixth Form College, was established under the Further and Higher Education Act 1992, for the purpose of governing Hills Road Sixth Form College. The College is an exempt charity for the purposes of the Charities Act 2011.

#### **Regulatory status**

The College receives funding for its 16-18 year old students, from the Education and Skills Funding Agency (ESFA). The ESFA is an executive agency of the Department for Education, and its responsibilities include audit assurance and the monitoring of financial performance. The College was not in receipt of Adult Education funding during this financial year.

#### **College's Mission**

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

*To provide an education distinguished by opportunity, quality and achievement for all our students within a caring college community.*

#### **Public Benefit**

The College is an exempt charity under Part 3 of the Charities Act 2011, and following the Machinery of Government changes in July 2016, is regulated by the Secretary of State for Education. The members of the Corporation, who are trustees of the charity, are disclosed above and on pages 16-17.

In setting and reviewing the College's strategic objectives, the Corporation has had due regard to 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 within a broad based curriculum;
- strong student support, guidance and enrichment activities;
- excellent examination outcomes;
- successful progression for students to their preferred destination; for the vast majority, this is a higher education establishment;
- links with employers.

**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Strategic Report (continued)**  
**Year ended 31 July 2023**

**Implementation of the strategic plan**

The College's current strategic plan for the period 2020-24 was approved by the Corporation on 14 July 2020 and took effect from September 2020. Members of the Corporation reviewed the Strategic Plan, Risk Register and Financial Forecasts to ensure that resources exist to support the College's strategic objectives and review and update the plan each year to create a rolling plan. The current strategic aims are as follows:

1. To enhance quality through delivery of the curriculum map to develop
  - a. Creative and confident learners
  - b. Resourceful and resilient individuals
  - c. Responsible and active citizens
2. To improve the environment by creating a 21<sup>st</sup> Century working and learning environment
3. To adjust the College's mission appropriately to respond to the rising demography

The next iteration of the strategic plan will cover the period 2024-28 and take effect from September 2024. The senior team are currently working on proposals to be put before the governing body in due course.

**Financial Objectives**

In order to maintain a sound financial base the College, including its subsidiary, Cantabrigian Ltd, will aim to:

- maintain a two year cashflow forecast issued monthly to Corporation members and College Strategy Team as part of the monthly management accounts cycle;
- maintain a positive cashflow from operating activities each year (except where significant construction costs are planned, and only with Corporation approval);
- maintain a positive underlying operating position before FRS102 adjustments and exceptional items;
- achieve an adjusted current ratio of at least 2.0;
- maintain total borrowing as a percentage of income at no more than 15%;
- maintain the ratio of borrowings to adjusted operating surplus for performance ratio at no more than 5:1 (bank covenant);
- available cashflow to be no less than 100% of debt servicing costs (bank covenant);
- maintain cash days of 25 or more;
- retain its financial health assessment at '*good*' or '*outstanding*'; and
- ensure the Chair of the Corporation and the College Strategy Team monitor financial performance on a monthly basis and take any necessary corrective action.

All objectives for the year ended 31 July 2023 have been met.

**Performance Indicators**

The College produces an annual Self-Assessment Report which is presented to the Corporation at a meeting in the Autumn term. The report comprises a summary of findings and self-assessment judgements, together with findings from an evaluation process, feedback from learners and a range of performance measures relating to key areas of the College's activity.

## HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS

### Strategic Report (continued)

### Year ended 31 July 2023

The College has a national reputation for the quality of its provision; it was inspected by Ofsted in February 2022 retaining its '*outstanding*' status as a consequence of receiving grade 1 in all five inspection areas. As was evident to Ofsted in that inspection, and since, the College's success rates are amongst the strongest in the country with most students progressing to university, including many to the most competitive higher education providers.

## FINANCIAL POSITION

### Financial results

The "underlying" operating position (excluding exceptional items) for the College was £183k in 2022-23 which was intentionally under the budget set, due to the movement of some expenditure initially planned for the following year into the current year. Exceptional items are not part of normal operations and they include pension adjustments for the Local Government Pension Scheme (LGPS). The summary outturn for the College (not Group) is as follows:

	2022-23 £'000	2021-22 £'000
Statutory Accounts deficit (College)	(55)	(649)
Impact of LGPS FRS 102 accounting	238	1,159
Underlying operating surplus after exceptional items	<b>183</b>	<b>510</b>

As a Group, after exceptional items, Hills Road Sixth Form College has recorded a **surplus** on continuing operations after depreciation of assets at valuation, tax and pension costs, of £80k in 2022-23 (2021-22: £498k deficit). Included is a profit of £135k (2021-22: £151k) from the trading subsidiary, Cantabrigian Limited, which operates as Hills Road Sports and Tennis Centre.

The actuarial **gain** in relation to the College's defined benefit pension plans, totals £2,911k. However, as the scheme is in a surplus position, under FRS 102 provisions the College is not allowed to post an asset to the balance sheet unless it can demonstrate recoverability, so there is an adjustment of £2,224k offsetting the gain, bringing the total actuarial gain down to £667k for 2022-23 (2021-22: £7,468k gain). The total comprehensive income in the year is recorded as a surplus of £747k in 2022-23 (2021-22: £6,970k surplus).

The Group has met its financial objectives for the year with a tangible fixed asset base of £24.1 million, accumulated general reserves of £14.5 million and cash balances of £3.3 million.

The business activities of the College's trading subsidiary, Cantabrigian Limited, are confined to the UK. The Corporation of the College owns 100% of the issued Ordinary Shares of Cantabrigian Limited at a cost of £2. The profit is gift-aided to the College.

### Post-16 Capacity Funding

The College completed the building projects supported by a Post-16 Capacity Fund grant, in the year. The grant was applied for and awarded in 2020-21 and totalled £3.2m. This enabled the College to progress with a number of construction projects, gender neutral toilets, refurbished and expanded café, and a new Study Centre, with

**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Strategic Report (continued)**  
**Year ended 31 July 2023**

the last one completed in March 2023. The funding covered c.70% of the total cost with the remainder covered by the College.

**Treasury Management**

The College treasury management policy provides the framework within which the College manages its investments and borrowings. This is reviewed annually and was last updated in July 2023.

The Corporation approved a loan from Barclay's Bank to support Phase V of the College's Property Strategy of £1.62million in 2016. The total remaining loan balance at 31 July 2023, is £0.88 million.

The loan is on a variable interest rate of 1.75% above the Base Rate and is payable over 10 years (currently we are eight years in). At the end of 10 years, there will be approximately £675k to repay and the College is managing its cash to repay this in full in December 2025. This had always been the intention, and therefore there is no significant impact on this area from sector reclassification.

**Liquidity**

The size of the Group's total borrowing and its approach to interest rate management, ensure a reasonable cushion between the total cost of servicing debt, and operating cashflow. Net funds at 31 July 2023, amounted to £3.4 million (2021-22 £4.0 million).

**Reserves Policy**

The College's Reserves Policy is in place and will be reviewed by the Corporation in December 2023. It explains a definition of reserves, the legal authority to hold reserves, why the College holds free reserves, the financial risks mitigated by the holding of reserves, and the policy's impact on Going Concern considerations. The target for Free Reserves is between £1.5m and £5m. The total Free Reserves for the Group at 31 July 2023 is £2.2m (2021-22 £3.3m).

The general reserves at 31 July 2023 totalled £14.5 million (2021-22 £13.7 million), in addition to the revaluation reserve of £3.6 million and restricted reserves of £41k, which comprises funds endowed for prizes for students.

The level of reserves are monitored throughout the year, as part of the normal monitoring and budgetary reporting processes. Management accounts, which include a balance sheet and current and future year cashflow, are sent out to Corporation members monthly, and the most recent set of management accounts is received and considered by the Corporation at least once a term.

Any significant changes to the reserves will have been reported to the Corporation well ahead of the change being implemented. Anticipated expenditure, which may affect reserves, is generally as a result of Strategic or Property Plans, which would have been discussed and approved at previous meetings, or through the Chair's delegated action. Any significant *unexpected* changes to the reserves are brought to the attention of the Corporation, as soon as is reasonably possible.

The College, in discussion with the Corporation, has considered the effect of strategic and property plans on reserves, and having looked at budgets and forecasts over the next few years, as well as the effect on 2022-23, particularly in relation to the ongoing

**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Strategic Report (continued)**  
**Year ended 31 July 2023**

Estates improvement plans, is confident that the reserves will remain at a reasonable level.

**Cash flows**

Net cash inflow from operating activities was £3,213k (2021-22: £2,003k). After allowing for expenditure on capital, there was a decrease in cash of £606k (2021-22 increase of £584k).

**Payment Performance**

The Late Payment of Commercial Debts (Interest) Act 1998 requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services, or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. The College incurred no interest charges in respect of late payment for this period. The College's creditor deferral interval at the year end, that is the time taken to pay its creditors, is just under 10.5 days.

The College wrote-off irrecoverable debts totalling £625 in the year, none required consent from DfE.

**Financial Health**

The College has continually met the financial criteria and its financial returns have been consistently assessed as *good* or *outstanding* each year up to and including July 2023 and are self-assessed as *outstanding* for the year 2022-23.

**CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE**

**Student Numbers**

The College's funding allocation is calculated on the number of students enrolled and retained at the census date in the previous year i.e. 'lagged' funding. In 2022-23, the College was funded for 2,662 16-18 students, and had an out-turn of 2,692.

**Examination Achievements**

The College's examination results were expected to be lower than those awarded in 2022, as Ofqual implemented its plan with awarding bodies to return grading levels back to those seen before the pandemic. Pleasingly, the College results have defied the predictions and are up on 2019 results, the last year in which the students sat a 'normal' exam season. The College's students, supported by staff, produced a stunning set of results.

	<b>2023 HRSEC</b>	<b>2023 National</b>
A*	18.0%	8.6%
A* - B	77.0%	52.7%
A* - F	99.6%	97.2%



**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Strategic Report (continued)**  
**Year ended 31 July 2023**

**IT**

The Colleges strategy has continued its focus on classroom technology and people and pedagogy during 2022-23:

- The College established a team of four 'digital innovators', led by a Teaching and Learning (T&L) digital expert, to directly support subject teachers with how they might adopt new digital pedagogy, to strengthen the learning experience and exploit new opportunities,
- Teachers have been supported in the use of Class Notebook within their 365 Class Teams for the distribution of learning resources and the setting of assignments for all homework,
- 2022-23 saw the first year through with a Bring Your Own Device (BYOD) strategy. All year 12 students were asked to bring devices appropriate for interacting with digital resources and learning experiences in the classroom. To support this the College carried out a full site refresh of WiFi, and installed a Cisco BYOD solution in February 2023, to ensure high volume quality access for all,
- The College rolled out phase two of the interactive Prowise classroom display screens, 31 in total, to enhance the connection to all T&L digital resources, and to provide new opportunities for sharing and interacting through collaborative lesson work,
- Microsoft Surface Studio devices have been introduced for all teachers to provide digital inking capability, which will provide new online assessment opportunities,
- The College has refreshed PC locations to open out BYOD study spaces, and to ensure that the remaining PC fleet meets curriculum and examination requirements. 185 new microform PCs were purchased to support this,
- The College has renewed its MFD fleet, to match demands, within a new three year contract which will enhance reliability and service quality,
- A complete refresh of the centralised storage for the virtualised network was carried out in the year.

Developments planned for 2023-24 include:

- Year two of a student BYOD project with both year groups using classroom technology,
- Final phase of interactive screens to replace aging projectors will mean all classroom have been switched over,
- Refreshment of the central servers for the virtualised network service,
- Refresh of the network firewalls,
- Refresh of a second phase of PC replacement (c. 185) in preparation of a network wide switch over to Windows 11.

**Estates**

The College continues to invest heavily in the Estate with planned works spanning a number of years.

Major Projects completed or started in 2022-23 include:

- Construction of the Study Centre through to completion,
- Construction began for the new College reception near to the theatre, including remodelling and refurbishment of associated internal and external areas.

## **HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**

### **Strategic Report (continued)**

#### **Year ended 31 July 2023**

During the summer of 2023 the Estates Department, working closely with other departments, again undertook a significant programme of renovation and refurbishment across the College Estate. This included:

- Repairing and re-stringing the solar panel arrays on the roofs of the Rob Wilkinson and Greenhalgh buildings,
- Extensive internal and external decorations and repairs,
- Various roof repairs to rectify leaks,
- The creation of two new classrooms on the top floor of the Linda Sinclair building,
- Asbestos removal from two basement areas of the College,
- Lighting replacement to LED in the Sports & Tennis Centre,
- Repairs to Purbeck Road,
- Tree works across the College facilities in response to the most recent survey.

### **RESOURCES**

The College is located on a six-acre site on a main arterial road into the City of Cambridge, which is about 1.5 miles to the north. The Sports and Tennis Centre is adjacent to the College on a three-acre site and in addition, ten acres of playing fields are located approximately 0.5 miles away.

The Group has £18.2 million of net assets with no pension liability in year (2021-22: Pension liability of £429k), deferred capital grants treated as a liability under FRS 102 of £7.7 million (2021-22: £5.8 million) and a loan relating to the construction of Phase V of the College's Property Strategy with an outstanding balance of £880k (2021-22: £960k).

Net current assets stand at £2.3 million (2021-22: £3.1 million) including deferred capital grants treated as a current liability under FRS 102 of £215k at the year end. None of the Group's assets are held with high credit risk banks.

During 2022-23, the College employed on average 357 staff, of which 215 are teaching staff (including about 50 adult education tutors) and 142 are non-teaching staff. In addition, there are about 30 staff who are employed casually mainly as invigilators in the examination periods.

The College enjoys an excellent local, regional and national reputation as one of the top sixth form colleges in the country. The College has high retention and achievement rates for 16-19 students, and its examination results are acknowledged as being among the best in the country. Each year approximately 70 students successfully apply to Oxford and Cambridge universities, more than any other state school or college in the country. The College also has the highest number of students achieving AAB in 'facilitating subjects' at A level of any institution, state or independent, in the country.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The risk management policy of the College is to adopt best practices in the identification, evaluation and cost effective control of risks, to ensure that they are eliminated or reduced to an acceptable level.

The College's risk management objectives are to:

**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Strategic Report (continued)**  
**Year ended 31 July 2023**

- Integrate risk management into the culture of the College,
- Manage risk in accordance with statutory and mandatory obligations and best practice,
- Minimise the costs associated with risk in order to continue to fulfil the College's mission,
- Anticipate and respond to changing social, environmental and legislative requirements, *and*
- Raise awareness of the need for risk management.

The College's risk management procedures take cognisance of the UK Corporate Governance Code. The College has systems to ensure that key risks are identified and formally reviewed on a termly basis by the College's Strategy Team. The risk management policy was updated and approved (July 2019) and the risk registers and Board Assurance Framework (BAF) were redesigned at the same time. These have been reviewed by the College Strategy Team, Audit Committee, Corporation and Internal Auditors regularly.

The main risk factors affecting the College are outlined below, not all factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

- Failure to monitor financial viability and maintain Group solvency leads to poor financial health, reduction in investment, breadth of curriculum and resources and EFSA special measures imposed or insolvency,
- Failure to recruit and retain students leading to financial risk, reputational risk and reduction of curriculum offer,
- Failure to maintain student outcomes either in a local context verses other post 16 provision or nationally given the College's unrivalled reputation, could result in reputational damage and future student enrolment could be negatively affected,
- Failure to recruit and retain staff could affect quality if the College fails to recruit high calibre staff for example due to increased competition locally,
- Failure to maintain the quality of Teaching, Learning and Assessment could lead to reputational damage if student outcomes are affected. This could result in poor student recruitment verses local post 16 providers leading to financial difficulties,
- Safeguarding (including radicalisation and inappropriate sexual conduct) issues are not identified, actions taken are insufficient and ineffective, students at risk of harm, do not achieve or the College could face OFSTED action or prosecution leading to poor College reputation,
- Being unable to meet the growing number of social, emotional and mental ill health needs of our students,
- Poor Health and Safety practice leads to injury, death, prosecution (including failure to address identified estate related hazards such as the risk of falling reinforced autoclaved aerated concrete (RAAC), raised by the DfE),
- Failure to be ready to respond effectively and in a timely way to changes in the structure of further education – including responses to the increasing numbers of potential students and their location within Cambridgeshire,
- Loss of data or systems access (from, for example, a cyber-attack) could result in reputational damage and financial loss.

The College mitigates these risks through:

**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Strategic Report (continued)**  
**Year ended 31 July 2023**

- A termly review by the Corporation of financial performance, including the effect of the Estates plans on finances, including cashflow,
- Robust challenge of presented financial budgets and forecasts, undertaken by Corporation,
- In-year progress monitoring, including focus on Free School Meals (FSM), 16-19 Bursary, Special Education Needs and Disabilities (SEND), and Looked After Children (LAC), students,
- Staff retention targets set for teaching and support staff, monitored and regularly reported to the Corporation.
- Robust Departmental Development Plans (DDP) which include an element of self-assessment - departments with weaker than expected results have clear Departmental Improvement Plans (DIP) with support in place (including budgetary),
- Political advocacy in conjunction with other SFCs,

**STAKEHOLDER RELATIONSHIPS**

In line with other colleges and with universities, Hills Road Sixth Form College has many stakeholders. These include:

- Cambridge Area 14-19 Partnership (CAP),
- Cambridge and Suffolk Schools Alliance (CASSA),
- Cambridge City and Cambridgeshire County Councils,
- Education and Skills Funding Agency (ESFA),
- Local colleges,
- Local community,
- Local employers,
- Local Enterprise Partnership (LEP),
- Maple Group of Colleges (twelve leading sixth form colleges),
- Office for National Statistics (ONS),
- Parents,
- Sixth Form Colleges' Association (SFCA),
- Sixth Form/FE Commissioner,
- Regional Schools Commissioner,
- Staff,
- Students,
- Universities.

The College recognises the importance of these relationships and engages in regular communication with its stakeholders through the College website, regulatory submissions, by meetings, conferences and through its Enrolment and Induction days and Open Events.

**Disability Statement**

The College is committed to promoting equality for disabled staff and students, seeking to create an environment that is open and accessible, where diversity and individual choice are celebrated, thus enabling all of its members to participate fully in College life. The College seeks to achieve the objectives set down by the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Acts 2001 and 2005, the Special Educational Needs and Disability Act 0-25 years 2014 and the Equality Act 2010.

**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Strategic Report (continued)**  
**Year ended 31 July 2023**

*Employment of Disabled Persons*

The College is a 'Positive about Disabled' employer and has committed to the principles and objectives of the standard. 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 is made to ensure that employment within the College continues. The College's policy is to provide training, professional career development and opportunities for promotion for disabled persons, which are commensurate with those for non-disabled employees.

**Health and Safety**

The College is committed to safeguarding and promoting the welfare of its students and staff and expects all members of the College community, volunteers and visitors, to share this commitment. The College aims to ensure that relevant and effective safeguarding practices exist which are actively promoted. The College encourages students and staff to talk to the appropriate staff about concerns they may have regarding health, safety and welfare.

Health and safety at work is the responsibility of everyone at the College. All staff and students, with the appropriate support, training and supervision, are required to operate safe working practices and procedures and to work and study with due consideration for the safety of others.

The College has a Health and Safety team which meets termly to discuss and review health and safety issues and contributes to the development, implementation and monitoring of the health and safety policy. Any significant health and safety matters are reported to the Corporation and an annual health and safety review is carried out by the Vice Principal (Finance and Operations) and presented to the Corporation. During 2022-23 there were no accidents or incidents that resulted in insurance claims.

The College fulfils its statutory responsibilities in respect of Safeguarding and Prevent and presents an annual report to the Corporation in the July meeting.

**Equity, Diversity & Inclusion (EDI)**

The College is committed to ensuring that all its members enjoy equal opportunity within its community; the College is aware of its statutory responsibilities in this respect. The College's commitment to ensuring equality, diversity, and inclusion (EDI) is embodied in a set of principles which underpins the College's Single Equality Scheme. Overall responsibility for all aspects of EDI for the year ending 2023, was with the Deputy Principal, and subsequently the newly appointed Assistant Principal - Student Progress and Support, who was supported in this work by the EDI Lead, three EDI Project Role Officers and one member of the support staff team.

The College publishes annually an EDI Report and a Single Equality Scheme (SES) Action Plan, which incorporates equality objectives, to ensure compliance with the Equality Act 2010 and the Public Sector Equality Duty. A review of the College's SES was undertaken by the EDI staff and student voice was also gathered. A revised plan has been created for 2023-2026. The SES aims to promote equality in relation to the nine protected characteristics and outlines our commitment to address disadvantage in relation to socio-economic status.

**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Strategic Report (continued)**  
**Year ended 31 July 2023**

An EDI briefing is included in the induction programme for new staff and all existing staff receive regular updates including through the monthly electronic EDI newsletters, the College EDI SharePoint site and supported by the EDI Curriculum link to ensure subject areas are kept up to date with relevant and important information.

The College undertakes Equality Impact Assessments (EIAs), analysing all new policies and procedures and reviewing updated policies; equality analyses are also undertaken for existing policies and procedures on a prioritised basis. This year we included student voice in the EIAs, listening to and gathering student perspectives particularly on the Transgender Policy and the College Code of Conduct. This was a fruitful and positive activity where students felt heard, their voices respected, and we learned what is important to them. This is a process that will continue going forward, ensuring student voice is understood and impact of policies on students and key stakeholders is considered.

EDI developments in the year include:

- Further growth and development of the Young Adult Carers (YACs) Support group and 1-2-1s, providing appropriate and proportionate YACs,
- The appointment of two YAC Student Champions in each year group. Training, and development for YAC Staff Champion and an all staff session to understand the challenges for YACs and ways staff can support YACs to be more equitable to these students,
- Created a student Teams site for better communication with EDI Staff and the 58 Inclusivity and 58 Community Student Representatives,
- Held bi-weekly meetings with EDI Staff and half-termly EDI student voice forums to raise awareness and increase the engagement of students in relation to EDI,
- Drafted an anti-racism policy and a YAC policy,
- Drafted a Whisper Reporting system to provide students with a safe space to report concerns,
- Ran regular EDI Forums (including students and staff),
- Conducting faith and non-faith focus groups to evaluate areas that needed to be addressed,
- work on 'Close the Gap' for ethnic minority students,
- Celebrated diversity and raised awareness through a variety of EDI events including, Holocaust Memorial Day, International Women's Day, Windrush Day, Pride Week and CultureFest.

Future developments include:

- Embarking on a UNICEF Rights Respecting Schools Award (<https://www.unicef.org.uk/rights-respecting-schools/>), which will be included as an enrichment activity and incorporated into the Future Ready programme,
- Work closely with the Afro-Caribbean Society to mark Black History Month with events and a Whole Cohort Presentation with a guest speaker,
- Incorporate greater links with careers support for our Young Adult Carers,
- Recruit an additional EDI member of staff,
- Gather student feedback on the anti-racism policy and have this published and incorporated,
- To continue to provide opportunities to highlight, promote and celebrate EDI with EDI Events and Activities throughout the year,
- Improve the monitoring and reporting of levels of student engagement in all aspects of College-life (especially the most disadvantaged), to ensure equity and fairness in access and engagement,

**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Strategic Report (continued)**  
**Year ended 31 July 2023**

- The EDI Team will also work with other departments to develop systems which enable equality information to be more readily accessible in relation to the following areas. This will allow improved monitoring at CST and governor level to identify any gaps in participation/engagement at an earlier stage:
  - Careers appointments/work experience placements,
  - Destination data based on protected characteristic,
  - Counselling and wellbeing appointments,
  - Attendance.

**Training and Development of Staff**

The College is committed to recruiting staff with excellent qualifications and appropriate experience. It recognises the importance of providing continuous professional development as an entitlement to all staff in order to develop the ability of each member of staff to contribute towards the achievement of the College's objectives and to sustain and enhance the high quality educational experience which the College provides for students. In addition to off-site training, the College has a staff development period in the Summer term each year, in which all staff participate in elective and compulsory sessions. The College is committed to maintaining a healthy budget for training and development sufficient to realise its strategic aims.

**Trade Union Facility Time**

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

Number of employees who were relevant period	FTE employee number
3	2.58

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

Total cost of facility time	£2,566
Total pay bill up to 31 March 2023 (before pension adjustments)	£11,846,000
Percentage of total bill spent on facility time	0.02%

Time spent of paid trade union activities as a percentage of total paid facility time	9.96%
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**Staff and Student Involvement and Consultation**

The Members of the Corporation, the Principal and senior management fully accept their responsibility for important matters of policy. However, the College encourages employee involvement through the membership of a number of teams, the annual staff forum, support staff and part-time teaching staff meetings, staff meetings and briefings and through consultation on matters affecting the College's strategy and operation. There are two staff members on the Corporation. The College encourages participation from students, one of whom, normally the Chair of the Student Council, is a student member of the Corporation. The Student Council is consulted on a range

**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Strategic Report (continued)**  
**Year ended 31 July 2023**

of issues and encouraged to bring forward proposals. Students are also involved in the appointment of new teaching staff with their feedback considered alongside that arising from other elements of the appointment process. The College also consults on particular issues by using focus groups of interested students and undertakes periodic satisfaction surveys.

**Going Concern**

The College continues to be financially robust with strong management supported by an independent board of Corporation members who have a range of skills and experience to bring to their oversight role. The Corporation receive monthly management accounts and review these at termly meetings, and the financial forecast and budget are reviewed and approved annually.

The College has presented to Corporation robust and prudent finances for 2023-24 and 2024-25, including contingencies to counter cost and pay increases above current expectations, to enable the College to respond appropriately over the next few years, whilst growing the site accommodation through its Property Strategy. Cash balances have and continue to be carefully managed whilst the College employs its Estates Plan, as reported in the financial forecast (currently to 31 July 2024).

The College's local and national reputation for academic excellence, demonstrated by its continually strong examination results, allows it to be confident in reaching its target student numbers, which are anticipated to grow over the next few years. In addition, the College is confident in reaching its staffing targets.

With continued popularity of the College, an excellent Ofsted report, together with strong, experienced leadership, strong financial health for the foreseeable future, and effective oversight, the College believes it will be able to continue in operation, meet its liabilities and is confident in meeting the challenges it faces over the coming years.

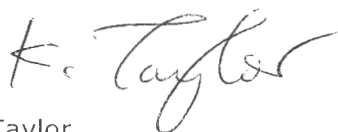
**Post-Balance Sheet Events**

There were no post-balance sheet events that require disclosure in the financial statements

**Disclosure of information to auditors**

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

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



Kevin Taylor  
Chair of the Corporation

12 December 2023



**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Statement of Corporate Governance and Internal Control**  
**Year ended 31 July 2023**

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2022 to 31 July 2023 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 2018 ('the Code') insofar as it is applicable to the further education sector.

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

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 Members of the Corporation, who are also Trustees for the purposes of the Charities Act 2011, confirm that they have paid due regard to the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Statement of Corporate Governance and Internal Control (continued)**  
**Year ended 31 July 2023**

**The Corporation**

Members who served the Corporation during the year and up to the date of signature of this report were as follows:

<b>Name</b>	<b>Date of Appointment</b>	<b>Term of Office</b>	<b>Date of Resignation/ Termination/ (Re-election)</b>	<b>Committee Memberships</b>	<b>Attendance including Committees</b>
Mrs K Ashby Staff Nominee	23 March 2022	4 years			100%
Mr A Clark	3 February 2021	4 years		Audit	100%
Miss R Coggins Student Nominee	8 June 2022	To 6 June 2023			40%
Mr J Cross	19 October 2022	4 years			86%
Mr A Day*	27 March 2019	4 years	31 July 2023	Audit	100%
Mr J Evans	1 January 2020	4 years		Nominations	86%
Ms E Fletcher	3 February 2021	4 years		Nominations Remuneration	100%
Mr I Harvey Staff Nominée	5 June 2019	4 years	4 June 2023		80%
Ms P Heaney	29 March 2023	4 years			100%
Ms W Menon	30 October 2019	4 years	30 October 2023		43%
Prof A Minson	10 February 2020	4 years		Remuneration Nominations	100%
Mr A Omo	20 October 2021	4 years		Audit Remuneration	43%
Mrs K Paton Staff Nominee	7 June 2023	4 years			100%
Mr W Patterson Student Nominee	7 June 2023	To 4 June 2024			100%
Miss C Philbin	1 August 2021	4 years		Audit	29%
Mr Jonathan Russell	31 October 2023	4 years			N/A
Dr J Sterling	30 October 2019	4 years	30 October 2023 (Re-elected)	Nominations	86%
Mr K Taylor	1 January 2020	4 years		Audit Nominations Remuneration	100%
Ms J Trump Principal	18 April 2017	<i>Sine die</i>		Nominations	100%
Mr E Uygun	1 August 2021	4 years			71%
Mr R Westcott Parent **	20 October 2021	To 31 July 2023	31 July 2023 (Re-elected)		100%

\*Mr A Day's term of office ended on 26 March 2023 but was reappointed until 31 July 2023.

\*\* Mr R Westcott completed his term of office as parent governor on 31 July 2023, but was reappointed as an independent governor on a four year term from 1 August 2023.

**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Statement of Corporate Governance and Internal Control (continued)**  
**Year ended 31 July 2023**

Mr R Smith, an independent governance professional, acts as Clerk to the Corporation.

The governance professional ensures that his knowledge of regulation and best practice remains current through attendance at sector body webinars and by various legal and other briefings.

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 targets, proposed budgets and major capital expenditure, quality, curriculum and planning matters, equality and diversity information, safeguarding and Prevent, health and safety and environmental issues. The Corporation meets at least twice each term.

The Corporation reviews at least annually adherence to the Strategic Plan, and to the values which underpin the Plan, and ensures by the diligence of its scrutiny that it is kept fully informed by the College management in this regard. It has not had occasion to remark any deviation from agreed objectives, nor any serious concerns that they will not be met.

The Corporation conducts the majority of its business at its meetings and has three committees: Audit, Remuneration and Nominations. Each committee has terms of reference, which have been approved by the Corporation. Approved minutes of meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at Hills Road Sixth Form College, Hills Road, Cambridge, CB2 8PE and can also be viewed on the College's website [www.hillsroad.ac.uk](http://www.hillsroad.ac.uk).

The Clerk to the Corporation maintains a register of interests of the members where there might be a potential conflict with their fiduciary duties. The register is available for inspection on the College website.

All Members of the Corporation may 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 Corporation for ensuring that all applicable procedures and regulations are complied with. The appointment, appraisal and removal of the Clerk are responsibilities of the Corporation.

Formal agendas, papers and reports are supplied to Members of the Corporation in a timely manner prior to meetings. Briefings are also provided on an *ad-hoc* basis.

A two thirds majority of the Corporation are non-executives, who are independent and free from any business or other relationship which could interfere with the exercise of their independent judgement. No individual or group dominates the Corporation's decision-making process.

There are clear divisions of responsibility in that the roles of the Corporation, the Principal of the College and the Clerk to the Corporation are exercised separately as provided in the Articles of Government.

**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Statement of Corporate Governance and Internal Control (continued)**  
**Year ended 31 July 2023**

**Appointments to the Corporation**

New appointments to the Corporation are a matter for consideration by the Corporation as a whole. The Corporation has a Nominations Committee which is responsible for the selection and nomination of candidates for appointment by the Corporation.

Members of the Corporation are appointed for a term of office not exceeding four years; a second term not exceeding four years is possible, with total service not normally exceeding two terms.

The Corporation is responsible for ensuring that appropriate training is provided to its members as required. Members of the Corporation receive a thorough induction on appointment intended to cover all aspects of their responsibilities. On appointment to the Audit Committee, a further induction relevant to its work is given. In addition, members receive regular updates on public policy, sector developments and regulatory changes. Safeguarding and child protection (including the Prevent strategy) are accorded a high priority, and members are updated at least annually to ensure that they remain vigilant in exercising their proper responsibilities.

**Corporation Performance**

There were eight Corporation meetings in the year and attendance during the year from 1 August 2022 to 31 July 2023 was 82% (2021-22: 83%). Attendance at all meetings (including committees) was 81% (2021-22: 84%). The Corporation reviewed the College Self-Assessment Report in the Autumn Term - student performance at the College continues to be very strong.

The Corporation reviewed an update of the College Management Accounts (including those of the subsidiary undertaking) at least termly, reviewed the Annual Report and Accounts at a meeting in the Autumn Term, conducted a detailed examination of the estimates of income and expenditure for the following year and of the College's rolling two-year financial forecast at a meeting in the Summer Term, and oversaw the progress of various estate developments.

There were four Nominations Committee meetings in the year. A meeting held in the Autumn Term recommended a candidate for re-appointment as an independent member of the Corporation. At meetings in the Spring Term, the Committee reviewed the outcome of a skills audit of members of the Corporation, noted the schedule of prospective terminations and recommended a candidate for appointment as an independent member. A meeting in the Summer Term recommended a candidate for re-appointment as an independent member of the Corporation.

Evidence of formal compliance with regulations may be found in the various minutes of the Corporation and its committees, all of which have been approved in accordance with regulation and which are *prima facie* evidence of the proceedings to which they relate, particularly those of the Audit Committee relating to compliance with financial control and reporting requirements, and the Nominations Committee relating to compliance with the procedures attending the appointment of members of the Corporation. The minutes of the Corporation record those decisions reserved to it under the Instrument & Articles of Government together with approvals, including any formal arrangements entered into with contractors, properly falling within its remit.

**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Statement of Corporate Governance and Internal Control (continued)**  
**Year ended 31 July 2023**

Evidence for assessing the exercise of each of the Corporation's responsibilities is also contained within the minutes of the Corporation and its committees which are approved as *prima facie* evidence of the proceedings to which they relate.

**Remuneration Committee**

There were no meetings of the Committee during the year.

**Audit Committee**

There were four Audit Committee meetings in the year. The Audit Committee comprises between three and six members of the Corporation. The Chair of the Corporation and the Principal are not eligible for membership of the Committee but attend its proceedings, if invited. The Committee is led by a Chair who is independent of the Corporation. The Committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's system of internal control and its arrangements for risk management control and governance processes.

The Audit Committee provides a forum for reporting by the College's internal and financial statement auditors, who have access to the Committee for independent discussion, without the presence of College or Corporation officers. The Committee also receives and considers reports from the main Further Education 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 and, for the Corporation, the Clerk to the Corporation, are 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 and financial statements auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Corporation.

The current external auditors (Buzzacott LLP) were appointed for a maximum of five years, following a formal tendering process in February 2020 (this will be re-tendered in early 2025), with their first audit related to the year ended 31 July 2020.

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

**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

**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Statement of Corporate Governance and Internal Control (continued)**  
**Year ended 31 July 2023**

rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material mis-statement 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 the Principal is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between the College and the funding bodies.

The Principal 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 a continuing 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 Hills Road Sixth Form College throughout the year ended 31 July 2023 and up to the date of approval of the annual report and accounts.

**Capacity to handle risk**

In reviewing risk, the Corporation is mindful of the need to ensure sound finance over the long-term, and the development and preservation of the College's assets (including the estate). It also bears in mind how closely the College's business model addresses issues arising from considerations of student demography and the attendant demand for courses in order to ensure that provision continues to meet the needs of the community it serves.

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 continuing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ended 31 July 2023, and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

**The risk and control framework**

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

- comprehensive budgeting and forecasting systems with an annual budget and financial forecast, 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,

**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Statement of Corporate Governance and Internal Control (continued)**  
**Year ended 31 July 2023**

- setting targets to measure financial and other performance,
- clearly defined capital investment control guidelines, *and*
- the adoption of formal project management disciplines, where appropriate.

The College has an internal audit service which operates in accordance with the requirements of the ESFA's Post-16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At a minimum of annually, the Head of Internal Audit (HIA) provides the Corporation with a report on internal audit activity in the College. The report includes the Head of Internal Audit'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. The Principal's review of the effectiveness of the system of internal control is informed by:

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

The Principal has been advised on the implications of the result of her 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, not merely reporting by exception. At its December 2022 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2022 by considering documentation from the Audit Committee, the senior management team and internal audit and taking account of events since 31 July 2022.

Based on the advice of the Audit Committee and the Principal, 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*

**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Statement of Corporate Governance and Internal Control (continued)**  
**Year ended 31 July 2023**

*Corporation (including approving the annual estimates of income and expenditure), and the safeguarding of their assets.*

**External review of Governance**

The Corporation commissioned an external review of the College's governance which was undertaken by Stone King and conducted during the Summer Term 2022-23.

The review was undertaken in the context of the most recent inspection by Ofsted (February 2022) which graded the overall opinion of Hills Road SFC as 'outstanding'.

The reviewer offered the following summary conclusion:

*Taking account of meeting observations, discussions and documentation available, this review recognises that the governance of Hills Road Sixth Form College is committed, positive and demonstrates examples of effective practice.*

*There is potential for further improvement by making aspects of governing more visible and easier to engage with, and therefore achieving improved governing effectiveness.*

In response to recommendations in the report, the Corporation has, by way of initial measures:

- **Agreed the inclusion of executive summaries** to replace or supplement Corporation meeting papers, thereby focusing governors' attention on key matters they need to know in order to discharge their oversight and assurance responsibilities, with provision for exceptions where required by regulation or good practice. If governors feel they need more information than is provided in the papers for a meeting, it is part of their role to request, probe, challenge or question accordingly.
- **Provided for an Annual Cycle of Corporation Business** to be made available to governors and senior staff enabling them to operate more efficiently within a written structure which sets out an annual cycle of work, and matches Corporation meeting dates to particular documents or activities requiring attention at the relevant meeting, whether regular, routine, repeated or relating to a particular date. This has also been extended to the business of the Audit Committee.
- **Agreed that each Corporation meeting agenda will feature a College Strategy update**, which will be approached systematically, with a written strategic plan reviewed and updated at each meeting in line with the strategy as it evolves.
- **Agreed to provide for a list of the top five KPIs** to help focus the Corporation's attention on the existential threats and opportunities that most deeply engage the college management, and allow higher-quality discussion by governors of the most critical issues, the aim being not to replace the more comprehensive Board Assurance Framework & Risk Register but to reduce the amount of work needed to maintain it by giving more focus to the key priorities.
- **Prioritised a review of the Governor Link Scheme**, wherein governors are "linked" with college departments, with a view to invigorating it so as to more



**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Statement of Corporate Governance and Internal Control (continued)**  
**Year ended 31 July 2023**

systematically encourage meaningful engagement on the part of both governors and staff.

- **Prioritised a review of the system for governor induction** to improve its relevance and effectiveness.

The Chair of the Corporation and the Clerk to the Corporation are also developing a more explicit framework to make the annual internal self-evaluation process more efficient and effective.

From 1 August 2024, sixth form college corporations may not have the option of taking cognisance of the UK Corporate Governance Code, which would leave them the choice of observing the Charity Governance Code or the Association of Colleges' Code of Good Governance. The Corporation will make use of whatever governance code is permitted and whose provisions are relevant in ways that genuinely enhance good governance through 'best practice' efficiencies.

**Reclassification of the College to the central government sector**

The Office for National Statistics (ONS) announced the reclassification of colleges and their subsidiaries to the central government sector on 29 November 2022. This decision encompassed providers that operate within the statutory further education sector as defined under section 91(3) of the Further and Higher Education Act 1992, i.e. Further Education Colleges, Sixth Form Colleges, and Designated Institutions.

This decision introduced a new requirement for colleges to comply with HMT Managing Public Money (MPM) guidance, including, in particular, financial oversight and borrowing requirements.

Colleges are required to have systems and controls in place to identify, record, approve and, where required, report to DfE transactions of the type below:

- Asset disposals,
- Special severance payments,
- Compensation payments,
- Ex gratia payments,
- Write-offs,
- Indemnities, guarantees and letters of comfort,
- Novel, contentious and repercussive transactions.

The College does have systems and processes in place to identify and handle any transactions for which DfE approval is now required, and these are documented in the Financial Regulations which are available on the College website.

**Going Concern**

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the life of the current financial forecast, to 31 July 2025 and beyond. For this reason, the College continues to adopt the going concern basis in preparing the financial statements.

**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Statement of Corporate Governance and Internal Control (continued)**  
**Year ended 31 July 2023**

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

A handwritten signature in black ink, appearing to read 'K. Taylor'.

Kevin Taylor  
Chair of the Corporation

A handwritten signature in black ink, appearing to read 'Jo Trump'.

Jo Trump  
Principal

**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Statement of Regularity, Propriety and Compliance**

**Statement of the Accounting Officer**

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

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

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



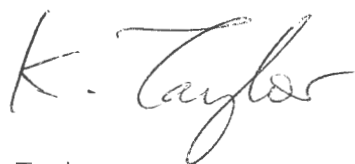
Jo Trump  
Accounting Officer

12 December 2023

**Statement of Chair of Governors**

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

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



Kevin Taylor  
Chair of the Corporation

12 December 2023

**HILLS ROAD SIXTH FORM GROUP ACCOUNTS**  
**Statement of the Responsibilities of the Members of the Corporation**  
**Year ended 31 July 2023**

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

Within the terms and conditions of the College's grant funding agreements and contracts with ESFA, the Corporation is required to prepare financial statements which give a true and fair view of the financial performance and position of the Corporation for the relevant period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice.

In preparing the financial statements the Corporation is required to:

- select suitable accounting policies and then 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,
- assess whether the corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate, *and*
- 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, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP, that describes what it is trying to do and how it is going about it, including 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 the 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 its assets and to prevent and detect fraud and other irregularities.

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

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

## **HILLS ROAD SIXTH FORM GROUP ACCOUNTS**

### **Statement of the Responsibilities of the Members of the Corporation (continued)**

**Year ended 31 July 2023**

guides. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economic, efficient and effective management of the Corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

Approved by order of the Members of the Corporation and signed on behalf of the Corporation:

A handwritten signature in black ink, appearing to read 'K. Taylor', written in a cursive style.

Kevin Taylor  
Chair of the Corporation

12 December 2023

**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Independent Auditor's Report to the Corporation of Hills Road Sixth**  
**Form College**  
**Year ended 31 July 2023**

**Opinion**

We have audited the financial statements of Hills Road Sixth Form College (the 'College') and its subsidiary (the 'Group'), for the year ended 31 July 2023 which comprise the consolidated statements of comprehensive income, consolidated and College statement of changes in reserves, the balance sheets, the consolidated statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group and of the College's affairs as at 31 July 2023 and of its deficit of income under expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

**Basis for opinion**

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

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the members of the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members of the Corporation with respect to going concern are described in the relevant sections of this report.

**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Independent Auditor's Report to the Corporation of Hills Road Sixth**  
**Form College (continued)**  
**Year ended 31 July 2023**

**Other information**

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

**Responsibilities of Governors**

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

In preparing the financial statements, the members of the Corporation are responsible for assessing the Group'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 members of the Corporation either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Independent Auditor's Report to the Corporation of Hills Road Sixth**  
**Form College (continued)**  
**Year ended 31 July 2023**

**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.

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Group through discussions with management, and from our knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Group, including the Further and Higher Education Act 1992, funding agreements with the ESFA and associated funding rules, ESFA regulations, data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.



**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Independent Auditor's Report to the Corporation of Hills Road Sixth**  
**Form College (continued)**  
**Year ended 31 July 2023**

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias;

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of Corporation meetings;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing any available correspondence with HMRC and the College's legal advisors (although none was noted as being received by the College).

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the members of the Corporation and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](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 Group's members, as a body, in accordance with the College's Articles of Government. Our audit work has been undertaken so that we might state to the Group's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP

.....  
Buzzacott LLP  
130 Wood Street  
London  
EC2V 6DL

Date... 18 December 2023 .....

## **HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**

### **Reporting Accountant's Assurance Report on Regularity to the Corporation of Hills Road Sixth Form College and Secretary of State for Education, acting through Education and Skills Funding Agency (the ESFA)**

**Year ended 31 July 2023**

In accordance with the terms of our engagement letter dated 22 June 2023 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Hills Road Sixth Form College during the period 1 August 2022 to 31 July 2023 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record data returns, for which the ESFA has other assurance arrangements in place.

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

#### **Respective responsibilities of Hills Road Sixth Form College and the reporting accountant**

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2021 to 31 July 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

We conducted our engagement in accordance with the Code issued by the ESFA. We performed a limited assurance engagement as defined in that framework. The objective of a limited assurance engagement is to perform such

**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Reporting Accountant's Assurance Report on Regularity to the**  
**Corporation of Hills Road Sixth Form College and Secretary of State for**  
**Education, acting through Education and Skills Funding Agency (the**  
**ESFA) (continued)**  
**Year ended 31 July 2023**

procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion. Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the corporation's income and expenditure.

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the College's activities;
- Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

**Conclusion**

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



.....  
Buzzacott LLP  
130 Wood Street  
London  
EC2V 6DL

Date 18 December 2023 .....

**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Consolidated Statements of Comprehensive Income and Expenditure**  
**Year ended 31 July 2023**

		Year ended 31 July 2023		Year ended 31 July 2022	
	Note	Group £000	College £000	Group £000	College £000
<b>INCOME</b>					
Funding body grants	2	14,761	14,761	13,811	13,811
Tuition fees and Education contracts	3	417	417	334	334
Other income	4	1,214	1,036	1,072	910
Investment income	5	104	104	10	10
Donations and endowments	6	1	1	4	4
<b>Total Income</b>		<b>16,497</b>	<b>16,319</b>	<b>15,231</b>	<b>15,069</b>
<b>EXPENDITURE</b>					
Staff costs	7	11,435	11,435	11,289	11,289
Other operating expenses	8	4,078	4,035	3,560	3,549
Depreciation	12	837	837	741	741
Interest and other finance costs	10	67	67	139	139
<b>Total Expenditure</b>		<b>16,417</b>	<b>16,374</b>	<b>15,729</b>	<b>15,718</b>
<b>Surplus/(deficit) on continuing operations after depreciation of assets at valuation and before tax</b>		<b>80</b>	<b>(55)</b>	<b>(498)</b>	<b>(649)</b>
<b>Surplus generated by subsidiary undertaking and transferred to the College under Gift Aid</b>		<b>-</b>	<b>135</b>	<b>-</b>	<b>151</b>
<b>Surplus/(deficit) on continuing operations after depreciation of assets at valuation and tax</b>		<b>80</b>	<b>80</b>	<b>(498)</b>	<b>(498)</b>
<b>Actuarial gain in respect of pension schemes</b>		<b>667</b>	<b>667</b>	<b>7,468</b>	<b>7,468</b>
<b>Total comprehensive income for the year</b>		<b>747</b>	<b>747</b>	<b>6,970</b>	<b>6,970</b>

The Income and Expenditure account is in respect of continuing activities.

**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Consolidated and College Statement of Changes in Reserves**  
**Year ended 31 July 2023**

	Income and expenditure account	Revaluation reserve	Restricted reserve	Total
<b>Group</b>				
<b>Balance at 1 August 2021</b>	6,614	3,781	41	10,436
Other comprehensive income	6,970	-	-	6,970
Transfers between revaluation and income and expenditure reserves	91	(91)	-	-
	7,061	(91)	-	6,970
<b>Balance at 31 July 2022</b>	13,675	3,690	41	17,406
Other comprehensive income	747	-	-	747
Transfers between revaluation and income and expenditure reserves	92	(92)	-	-
<b>Total comprehensive income for the year</b>	839	(92)	-	747
<b>Balance at 31 July 2023</b>	14,514	3,598	41	18,153

<b>College</b>				
<b>Balance at 1 August 2021</b>	6,596	3,781	41	10,418
Other comprehensive income	6,970	-	-	6,970
Transfers between revaluation and income and expenditure reserves	91	(91)	-	-
	7,061	(91)	-	6,970
<b>Balance at 31 July 2022</b>	13,657	3,690	41	17,388
Other comprehensive income	747	-	-	747
Transfers between revaluation and income and expenditure reserves	92	(92)	-	-
<b>Total comprehensive income for the year</b>	839	(92)	-	747
<b>Balance at 31 July 2023</b>	14,496	3,598	41	18,135

## HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS

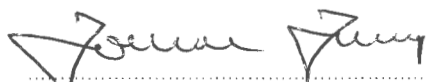
### Balance Sheets as at 31 July 2023

	Note	Group	College	Group	College
		2023 £000	2023 £000	2022 £000	2022 £000
<b>Non current assets</b>					
Tangible fixed assets	12	24,141	24,141	21,191	21,191
		<b>24,141</b>	<b>24,141</b>	<b>21,191</b>	<b>21,191</b>
<b>Current assets</b>					
Stocks		8	7	22	21
Trade and other receivables	13	886	928	672	731
Investments	11	1	1	1	1
Cash and other equivalents	18	3,381	3,286	3,987	3,890
		<b>4,276</b>	<b>4,222</b>	<b>4,682</b>	<b>4,643</b>
<b>Less Creditors: amounts falling due within one year</b>	14	(1,952)	(1,916)	(1,621)	(1,600)
<b>Net current assets</b>		<b>2,324</b>	<b>2,306</b>	<b>3,061</b>	<b>3,043</b>
<b>Total assets less current liabilities</b>		<b>26,465</b>	<b>26,447</b>	<b>24,252</b>	<b>24,234</b>
Creditors: amounts falling due after more than one year	15	(8,312)	(8,312)	(6,417)	(6,417)
<b>Provisions</b>					
Defined benefit obligations	17	-	-	(429)	(429)
<b>Total net assets</b>		<b>18,153</b>	<b>18,135</b>	<b>17,406</b>	<b>17,388</b>
<b>Restricted reserves</b>					
Endowed funds		41	41	41	41
<b>Total restricted reserves</b>		<b>41</b>	<b>41</b>	<b>41</b>	<b>41</b>
<b>Unrestricted Reserves</b>					
Income and expenditure account		14,514	14,496	13,675	13,657
Revaluation reserve		3,598	3,598	3,690	3,690
<b>Total unrestricted reserves</b>		<b>18,112</b>	<b>18,094</b>	<b>17,365</b>	<b>17,347</b>
<b>Total Reserves</b>		<b>18,153</b>	<b>18,135</b>	<b>17,406</b>	<b>17,388</b>

The financial statements were approved by the Corporation and authorised for issue on 12 December 2023 and were signed on its behalf by:



Kevin Taylor  
Chair of the Corporation



Ms Jo Trump  
Principal

The notes on pages 36 to 58 form part of these financial statements.

**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Consolidated Statement of Cash Flows**  
**Year ended 31 July 2023**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Cash flows from Operating Activities</b>		
Surplus for the year	747	6,970
<b>Adjustment for non-cash items</b>		
Depreciation	837	741
(Decrease)/increase in stocks	14	(3)
Increase in debtors	(214)	(177)
Increase in creditors due within one year	348	217
Increase in creditors due after one year	1,966	551
Pensions costs less contributions payable	(448)	(6,425)
<b>Adjustment for investing or financing activities</b>		
Receipt of capital grants	(2,162)	(778)
Investment income	(104)	(10)
Interest payable	67	139
<b>Net cash flows from operating activities</b>	<u>1,051</u>	<u>1,225</u>
<b>Cash flows from investing activities</b>		
Receipt of capital grants	2,162	778
Investment income	104	10
Payments made to acquire fixed assets	<u>(3,787)</u>	<u>(1,305)</u>
	<u>(1,521)</u>	<u>(517)</u>
<b>Cash flows from financing activities</b>		
Interest paid	(48)	(23)
Repayments of amounts borrowed	<u>(88)</u>	<u>(101)</u>
	<u>(136)</u>	<u>(124)</u>
<b>(Decrease)/Increase in cash and cash equivalents in the year</b>	<u>(606)</u>	<u>584</u>
Cash and cash equivalents at beginning of the year	3,987	3,403
Cash and cash equivalents at end of the year	3,381	3,987

**Analysis on changes in net debt**

	As at 1 August 2022	Cash flows	Other non-cash changes	As at 31 July 2023
Cash	3,987	(606)	-	3,381
Loans falling due within one year	(101)	88	(84)	(97)
Loans falling due outside of one year	<u>(863)</u>	<u>88</u>	<u>84</u>	<u>(779)</u>
	(964)	88	-	(876)
<b>Total</b>	<u>3,023</u>	<u>(518)</u>	<u>-</u>	<u>2,505</u>

The notes on pages 36 to 58 form part of these financial statements



## **HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**

### **Notes to the Accounts**

#### **1. Notes to the Accounts**

##### **Statement of Accounting Policies and estimation techniques**

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

##### **Basis of preparation**

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2022 to 2023* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

##### **Basis of accounting**

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

##### **Basis of consolidation**

The consolidated financial statements include the College and its subsidiary, Cantabrigian Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2023.

##### **Going Concern**

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review. The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying notes.

The College has a national reputation and is acknowledged as amongst the best in the country for successful outcomes from examination results and university progression. This, together with consistent oversubscription for student places, ensures that the College is maintained on a sound operational footing.

The College has a proactive approach to risk management, with senior managers tasked with identifying any new risks and monitoring and evaluating previously identified risks every term. The risk register is reviewed by the audit committee each term and annually by the Corporation along with an annual presentation of a risk report.

## **HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**

### **Notes to the Accounts (continued)**

The financial position of the College is strong with diligent, qualified staff running the finances of the College, all carefully scrutinised and approved by the College Strategy Team, the Corporation and external auditors.

The College has entered into loans with a remaining balance of £0.88 million, to assist with Phase V of the College's Property Strategy. The current terms of the loan run until December 2025, at which point the loan will be repaid. The Colleges forecast and financial projections indicate that it will be able to make this payment when this crystallises and will meet the existing facility covenants until this date.

The College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

### **Recognition of income**

#### *Revenue Grant Funding*

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. 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, and the results of any funding audits. 16-18 learner responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

#### *Capital Grant Funding*

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual 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. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

#### *Fee Income*

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

#### *Investment Income*

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

## **HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**

### **Notes to the Accounts (continued)**

#### **Agency arrangements**

The College acts as an agent in the collection and payment of certain discretionary support funds. 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.

#### **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.

##### *Cambridgeshire 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 interest and other finance costs.

Actuarial gains and losses are recognised immediately in Other Comprehensive Income.

## **HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**

### **Notes to the Accounts (continued)**

#### **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 Group. Any unused benefits are accrued and measured as the additional amount the Group expects to pay as a result of the unused entitlement.

#### **Enhanced Pensions**

The actual cost of any enhanced ongoing pension to a former member of staff is paid by a College annually. An estimate of the expected future cost of any enhancement to the on-going pension of a former member of staff is charged in full to the Group's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet.

#### **Non-current Assets - Tangible fixed assets**

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

##### *Land and buildings*

The College's buildings are specialised buildings and therefore it is not appropriate to value them on the basis of open market value. Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost. Land and buildings acquired since incorporation are included in the balance sheet at cost inclusive of any irrecoverable VAT. Freehold land is not depreciated as it is considered to have an infinite useful life.

The main College buildings are depreciated over their expected useful economic life to the College of either 60 years or 40 years. Photo-voltaic cells are depreciated over 25 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as explained in Recognition of Income above.

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 1992 as deemed cost but not to adopt a policy of revaluations of these properties in the future.

##### *Assets under construction*

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2023. They are not depreciated until they are brought into use.

## **HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**

### **Notes to the Accounts (continued)**

#### *Subsequent expenditure on existing fixed assets*

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

#### *Equipment*

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

Equipment is depreciated over its useful economic life using the straight line method.

The capital areas are depreciated as follows:

Equipment	10 years	straight line
Furniture	10 years	straight line
Audio Visual equipment	5 years	straight line
Reprographics equipment	5 years	straight line
I.T. equipment	5 years	straight line
Sports Equipment	5 years	straight line

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

#### **Borrowing costs**

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

#### **Leased assets**

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Any lease premiums or incentives relating to leases signed after 1 August 2014 are spread over the minimum lease term.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

## **HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**

### **Notes to the Accounts (continued)**

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

#### **Investments**

##### *Investments in subsidiaries*

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

##### *Other investments*

Listed investments held as non-current assets and current asset investments, which may include listed investments, are stated at fair value, with movements recognised in the Statement of Comprehensive Income. Investments comprising unquoted equity instruments are measured at fair value, estimated using a valuation technique.

#### **Inventories**

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

#### **Cash and cash equivalents**

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

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

#### **Financial liabilities and equity**

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

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

## **HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**

### **Notes to the Accounts (continued)**

#### **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 section 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The College's subsidiary company, Cantabrigian Limited, is subject to Corporation tax and VAT in the same way as any commercial organisation.

#### **Provisions and contingent liabilities**

Provisions are recognised when:

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

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

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

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

#### **Judgements in applying accounting policies and key sources of estimation uncertainty**

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible assets, including goodwill. Factors taken into consideration in reaching such a

## **HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**

### **Notes to the Accounts (continued)**

decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

#### *Other key sources of estimation uncertainty*

- *Tangible fixed assets*

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 21, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 July 2023. 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.

- *Estimating future income and expenditure for the purpose of assessing going concern.*

Management review budgets, forecasts and actual results in the months after the date of these accounts to determine the going concern assessment.



**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Notes to the Accounts (continued)**

**2. Funding Body Grants**

	Year ended 31 July		Year ended 31 July	
	2023 Group £000	2023 College £000	2022 Group £000	2022 College £000
<b>Recurrent grants</b>				
ESFA 16-18 Funding	14,259	14,259	12,852	12,852
16-19 Tuition Fund	10	10	-	-
Devolved Formula Capital Funding	75	75	75	75
Free School Meals Funding	81	81	48	48
Devolved Adult Education Budget	-	-	(2)	(2)
<b>Specific grants</b>				
Post-16 Capacity Funding	20	20	656	656
Covid testing funding	-	-	29	29
Early Career Framework	5	5	2	2
Energy efficiency improvement fund	136	136	-	-
Release of government capital grants	175	175	151	151
<b>Total</b>	<b>14,761</b>	<b>14,761</b>	<b>13,811</b>	<b>13,811</b>

**3. Tuition Fees and Education Contracts**

	Year ended 31 July		Year ended 31 July	
	2023 Group £000	2023 College £000	2022 Group £000	2022 College £000
Adult education fees	323	323	235	235
Music tuition fees	43	43	55	55
Total tuition fees	366	366	290	290
Education contracts	51	51	44	44
<b>Total</b>	<b>417</b>	<b>417</b>	<b>334</b>	<b>334</b>

**4. Other Income**

	Year ended 31 July		Year ended 31 July	
	2023 Group £000	2023 College £000	2022 Group £000	2022 College £000
Release of deferred capital grants (non funding body)	26	26	27	27
Catering and residence operations	9	-	7	-
Other income generating activities	520	33	475	28
Exam fees	83	83	67	67
Educational visits income	260	260	197	197
Other income	316	328	299	297
Other income from Sports and Tennis Centre	-	306	-	294
<b>Total</b>	<b>1,214</b>	<b>1,036</b>	<b>1,072</b>	<b>910</b>

**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Notes to the Accounts (continued)**

**5. Investment Income**

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group £000	College £000	Group £000	College £000
Bank interest receivable	104	104	10	10
<b>Total</b>	<b>104</b>	<b>104</b>	<b>10</b>	<b>10</b>

**6. Donations – Group and College**

	2023 £000	2022 £000
Unrestricted donations	1	4
<b>Total</b>	<b>1</b>	<b>4</b>

**7. Staff Costs**

The average monthly number of persons (including senior post holders) employed by the College during the year, expressed on a headcount basis, was:

	2023 No.	2022 No.
Teaching staff	215	213
Non-teaching staff	142	137
	<b>357</b>	<b>350</b>

The average monthly number of persons (including senior post holders) employed by the College during the year, expressed on a FTE basis, was:

	2023 No.	2022 No.
Teaching staff	117	107
Non-teaching staff	99	97
	<b>216</b>	<b>204</b>

	2023 £000	2022 £000
Wages and salaries	8,517	7,760
Social security costs	819	739
Other pension costs (including FRS 102 (28) adjustments of £219,000 2021-22: £1,043,000)- see note 21	2,099	2,790
	<b>11,435</b>	<b>11,289</b>

## HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS

### Notes to the Accounts (continued)

#### 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 Strategy Team which comprises the Principal, Deputy Principal, Vice Principal - Finance and Operations, Assistant Principal - Quality & Systems, Assistant Principal - Curriculum Development and Assistant Principal - Student Progression and Support.

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

	2023 No.	2022 No.
The number of key management personnel including the Accounting Officer was:	<u>7</u>	<u>5</u>

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

	Key management personnel (FTE)		Other staff (FTE)	
	2023 No.	2022 No.	2023 No.	2022 No.
£60,001 to £65,000 p.a.	1	2	1	1
£65,001 to £70,000 p.a.	2	-	-	-
£75,001 to £80,000 p.a.	1	2	-	-
£80,001 to £85,000 p.a.	1	-	-	-
£85,001 to £90,000 p.a.	1	-	-	-
£115,001 to £120,000 p.a.	-	1	-	-
£120,001 to £125,000 p.a.	1	-	-	-
	<u>7</u>	<u>5</u>	<u>1</u>	<u>1</u>

Key management personnel emoluments are made up as follows:

	2023 £000	2022 £000
Salaries – gross of salary sacrifice and waived emoluments	449	402
Employers National Insurance	56	51
Benefits in kind	-	-
	<u>505</u>	<u>453</u>
Pension contributions	101	95
<b>Total emoluments</b>	<u>606</u>	<u>548</u>

There are salary sacrifice arrangements in place in respect of cycle scheme and childcare vouchers. Where applicable these have been included gross in salaries.

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid officer) of:

**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Notes to the Accounts (continued)**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Salaries	125	115
Employer's National Insurance	16	15
Benefits in kind	-	-
	<hr/> 141	<hr/> 130
Pension contributions	30	27
<b>Total emoluments</b>	<hr/> <b>171</b>	<hr/> <b>157</b>

The remuneration package of key management staff, including the Accounting Officer, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance.

The Accounting Officer reports to the Chair of the Corporation, who undertakes an annual review of their performance against the College's overall objectives using both qualitative and quantitative measures of performance.

Relationship of Accounting Officer pay and remuneration expressed as a multiple.

	<b>2023</b>	<b>2022</b>
Basic salary as a multiple of the median of all staff	2.9	2.9
Total remuneration as a multiple of the median of all staff	2.9	2.9

The Members of the Corporation other than the Principal and the Staff Members did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

## **8. Other Operating Expenses**

	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Teaching departments	263	263	234	234
Teaching support services	335	335	293	293
Other support services	133	133	68	68
Administration and central services	398	375	412	398
General education	773	827	693	726
Premises costs:				
Running costs	412	424	382	370
Maintenance	329	261	201	172
Rents and Leases	-	-	1	1
Planned maintenance	434	409	83	83
Minor internal buildings work	454	454	743	743
Catering and residence operations	56	48	49	41
Educational visits	260	260	197	197
Other expenses	231	246	204	223
	<hr/> 4,078	<hr/> 4,035	<hr/> 3,560	<hr/> 3,549

**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Notes to the Accounts (continued)**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Other operating expenses include:</b>		
External auditor's remuneration:		
financial statements audit	18	17
other services	3	2
Internal auditor's remuneration	11	10
Depreciation	837	741
Hire of assets under operating leases	92	93

**9. Write offs, losses, guarantees, letter of comfort, compensation**

Colleges were classified to the central government sector with effect from 29 November 2022. The College is required to disclose the following:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Write-offs and losses	1	-
Guarantees, letters of comfort and indemnities	-	-
Severance, compensation payments and ex-gratia payments	-	-
Novel, contentious and repercussive transactions	-	-
Asset disposals	-	-
Transactions with governors/trustees	-	-
	<u>1</u>	<u>-</u>

None of the transactions reported above required consent from the Department for Education.

**10. Interest and other finance costs – Group and College**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
On bank loans, overdrafts and other loans	48	23
Pension finance costs (note 20)	19	116
	<u>67</u>	<u>139</u>

**11. Investments – Group and College**

	<b>Investments</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>
At 1 August 2022	1	1
	<u>1</u>	<u>1</u>
<b>At 31 July 2023</b>	<b>1</b>	<b>1</b>

**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Notes to the Accounts (continued)**

Investments represent £1,000 capital invested in Government bonds. In addition, the Corporation of the College owns 100% of the issued Ordinary Shares of Cantabrigian Limited, a company incorporated in England and Wales, at a cost of £2. The principal business activity of Cantabrigian Limited is to help its parent further education corporation in the delivery of its principal objectives and to carry on business as a Sports Centre, with such facilities and accommodation for indoor and outdoor sports or games, changing rooms, refreshments and other amenities as may be thought fit. Cantabrigian annually remits its profits to Hills Road Sixth Form College via gift aid and retains net assets of £15,000 on its Balance Sheet.

**12. Tangible Fixed Assets – Group and College**

	<b>Freehold land and buildings £000</b>	<b>Assets under construction £000</b>	<b>Equipment £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>				
At 1 August 2022	29,225	492	6,297	36,014
Additions	3019	40	728	3,787
Transfer between classes	492	(492)	-	-
<b>At 31 July 2023</b>	<b>32,736</b>	<b>40</b>	<b>7,025</b>	<b>39,801</b>
<b>Depreciation</b>				
At 1 August 2022	9,630	-	5,193	14,823
Charge for the year	520	-	317	837
<b>At 31 July 2023</b>	<b>10,150</b>	<b>-</b>	<b>5,510</b>	<b>15,660</b>
<b>Net book value</b>				
<b>At 31 July 2023</b>	<b>22,586</b>	<b>40</b>	<b>1,515</b>	<b>24,141</b>
<b>At 31 July 2022</b>	<b>19,595</b>	<b>492</b>	<b>1,104</b>	<b>21,191</b>
Financed by:				
Capital grant	7,244	-	66	7,310
Inherited	3,598	-	-	3,598
Other	11,744	40	1,449	13,233
	<b>22,586</b>	<b>40</b>	<b>1,515</b>	<b>24,141</b>

The carrying values of the Fixed Assets are recorded in accordance with the historical cost convention.

The deemed cost as at the date of transfer of inherited land and buildings was based on depreciated replacement cost.

## HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS

### Notes to the Accounts (continued)

If inherited land and buildings and equipment had not been valued, they would have been included on the historical cost basis at the following amounts:

	<b>£000</b>
Cost	-
Aggregate depreciation based on cost	-
Net book value based on cost	-

Land, buildings and equipment with a net book value of £3,598,000 have been funded from Local Education Authority sources. Should these assets be sold, the College would either have to surrender the sale proceeds to the Education and Skills Funding Agency or use them in accordance with the financial memorandum with the Education and Skills Funding Agency.

Fixed assets include land and buildings with a net book value of £2,744,000, which have been partially funded by a grant of £1,789,000 from the Further Education Funding Council; land and buildings with a net book value of £3,612,000 and £332,000 which have been partially funded by grants from the Learning and Skills Council of £1,737,000 and £321,000 respectively; land and buildings with a net book value of £821,000 which have been partially funded by a Building Condition Improvement fund grant from the Young People's Learning Agency of £108,000; land and buildings with a net book value of £3,888,000 which have been partially funded by a Building Condition Improvement fund grant of £1,492,000; land and buildings with a net book value of £551,000 which have been partially funded by a Condition Improvement fund grant of £302,000; land and buildings with a net book value of £390,000 and £3,482,000 which have been partially funded by a Post-16 Capacity fund grants of £325,000 and £2,142,000.

Should these assets be sold, the College would either have to surrender the sale proceeds to the Education and Skills Funding Agency or use them in accordance with the financial memorandum with the Education and Skills Funding Agency.

### 13. Trade and other receivables

<b>Amounts falling due within one year</b>	<b>Group 2023 £000</b>	<b>College 2023 £000</b>	<b>Group 2022 £000</b>	<b>College 2022 £000</b>
Trade receivables	89	60	29	6
Amounts owed by group undertakings	-	189	-	149
Prepayments and accrued income	797	679	643	576
	<u>886</u>	<u>928</u>	<u>672</u>	<u>731</u>

**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Notes to the Accounts (continued)**

**14. Creditors: Amounts Falling Due Within One Year**

	<b>Group 2023 £000</b>	<b>College 2023 £000</b>	<b>Group 2022 £000</b>	<b>College 2022 £000</b>
Bank loan	84	84	101	101
Trade payables	265	239	480	469
Other taxation and social security	439	439	429	429
Accruals and deferred income	697	687	196	186
Holiday pay accrual	66	66	64	64
Deferred income – government capital grants	215	215	220	220
Payments received in advance	186	186	131	131
<b>Total</b>	<b>1,952</b>	<b>1,916</b>	<b>1,621</b>	<b>1,600</b>

**15. Creditors: Amounts Falling Due After More Than One Year**

	<b>Group 2023 £000</b>	<b>College 2023 £000</b>	<b>Group 2022 £000</b>	<b>College 2022 £000</b>
Bank loans	792	792	863	863
Deferred income – government capital grants	7,520	7,520	5,554	5,554
<b>Total</b>	<b>8,312</b>	<b>8,312</b>	<b>6,417</b>	<b>6,417</b>

**16. Maturity of debt**

**Bank loans and overdrafts**

Barclays bank loan is repayable as follows:

	<b>Group 2023 £000</b>	<b>College 2023 £000</b>	<b>Group 2022 £000</b>	<b>College 2022 £000</b>
In one year or less	84	84	101	101
Between one and two years	84	84	101	101
Between two and five years	708	708	304	304
In five years or more			458	458
<b>Total</b>	<b>876</b>	<b>876</b>	<b>964</b>	<b>964</b>

The College received a loan of £1,616,984 from Barclays piecemeal between December 2015 and May 2016. At 31 July 2023, £876,164 remained. The loan is on a variable interest rate of 1.75% above the Base Rate and is payable over 10 years (we are currently eight years in). At the end of 10 years, there will be approximately £675k to repay.



**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Notes to the Accounts (continued)**

**17. Provisions**

	<b>Defined benefit obligations £000</b>	<b>Total £000</b>
At 1 August 2022	429	429
Expenditure in the period	(722)	(722)
Additions in period	(1,951)	(1,951)
Actuarial movement	2,244	2,244
<b>At 31 July 2023</b>	<b>-</b>	<b>-</b>

Defined benefit obligations relates to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in note 21.

**18. Cash and cash equivalents (Group)**

	<b>At 1 August 2022 £000</b>	<b>Cash flows £000</b>	<b>Other changes £000</b>	<b>At 31 July 2023 £000</b>
Cash and cash equivalents	3,987	(606)	-	3,381
<b>Total</b>	<b>3,987</b>	<b>(606)</b>	<b>-</b>	<b>3,381</b>

**19. Capital and other commitments**

	<b>Group and College</b>	
	<b>2023 £000</b>	<b>2022 £000</b>
Commitments contracted for at 31 July 2023	1,097	3,032

**20. Lease obligations**

At 31 July the Group had minimum lease payments under non-cancellable operating leases as follows:

<b>Future minimum lease payments due</b>	<b>Group 2023 £000</b>	<b>College 2023 £000</b>	<b>Group 2022 £000</b>	<b>College 2022 £000</b>
Not later than one year	53	42	101	90
Later than one year and not later than five years	68	68	17	1
<b>Total</b>	<b>121</b>	<b>110</b>	<b>118</b>	<b>91</b>

## HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS

### Notes to the Accounts (continued)

#### 21. Defined benefit obligations

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

<b>Total pension cost for the year</b>	<b>2023 £000</b>	<b>2022 £000</b>
Teachers' Pension Scheme contributions paid	1,158	1,082
Local Government Pension Scheme:		
Contributions paid	722	665
FRS 102 (28) charge	<u>219</u>	<u>1,043</u>
Charge to the Statement of Comprehensive Income	941	1,708
<b>Total Pension Cost for Year within staff costs</b>	<u>2,099</u>	<u>2,790</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 2016 and the LGPS 31 March 2019. Contributions amounting to nil (2021-22: £nil) were payable to the schemes at 31 July and are included in creditors.

#### Teachers' Pension Scheme (TPS)

##### Introduction

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

##### The Teachers' Pension Budgeting And Valuation Account

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

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

## **HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**

### **Notes to the Accounts (continued)**

#### **Valuation of The Teachers' Pension Scheme**

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018-19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2022-23 academic year.

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

The pension costs paid to TPS in the year amounted to £1,158,000 (2021-22: £1,082,000).

#### **Local Government Pension Scheme**

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Cambridgeshire Local Authority. The total contributions made for the year ended 31 July 2023 were £919,000, of which employer's contributions totalled £772,000 and employees' contributions totalled £197,000. The agreed contribution rates for forthcoming year are 23.1% for employers and range from 5.5% to 9.9% for employees, depending on salary according to a national scale.

Where the scheme is estimated to be in a surplus position, under the reporting provisions of FRS 102, the College is only able to recognise the surplus as to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. As the College does not anticipate being able to recover the surplus in the aforementioned manner, the surplus is not recognised on the balance sheet, and a corresponding adjustment is made within other recognised gains and losses on the Consolidated Statements of Comprehensive Income and Expenditure (as an actuarial loss) to bring the net LGPS position to £nil on the balance sheet.

#### **Principal Actuarial Assumptions**

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2023 by a qualified independent actuary.

**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Notes to the Accounts (continued)**

	<b>At 31 July 2023</b>	<b>At 31 July 2022</b>
Rate of increase in salaries	3.5%	3.2%
Future pensions increases	3.0%	2.7%
Discount rate for scheme liabilities	5.1%	3.5%

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

	<b>At 31 July 2023</b>	<b>At 31 July 2022</b>
	Years	years
<i>Retiring today</i>		
Males	21.3	22.0
Females	24.5	24.2
<i>Retiring in 20 years</i>		
Males	22.2	22.9
Females	26.1	26.0

The College's share of the assets in the plan at the balance sheet date and the expected rates of return were:

	<b>Long-term rate of return expected at 31 July 2023</b>	<b>Fair Value at 31 July 2023 £000</b>	<b>Long-term rate of return expected at 31 July 2022</b>	<b>Fair Value at 31 July 2022 £000</b>
Equity instruments	5.1%	10,380	3.5%	10,429
Debt instruments	5.1%	3,194	3.5%	1,937
Property	5.1%	2,236	3.5%	2,384
Cash	5.1%	159	3.5%	149
<b>Total fair value of plan assets</b>		<b>15,969</b>		<b>14,899</b>
 <b>Weighted average expected long term rate of return</b>		<b>5.1%</b>		<b>3.5%</b>
 <b>Actual return on plan assets</b>		<b>3.3%</b>		<b>(1.0%)</b>

The amount included in the balance sheet in respect of the defined benefit pension plan is as follows:

	<b>2023 £000</b>	<b>2022 £000</b>
Fair value of plan assets	15,969	14,899
Present value of plan liabilities	(13,725)	(15,328)
Actuarial movement*	(2,244)	-
<b>Net pensions liability</b>	<b>-</b>	<b>(429)</b>

**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Notes to the Accounts (continued)**

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

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts included in staff costs</b>		
Current service cost	931	1,708
Past service cost	10	-
<b>Total</b>	<u>941</u>	<u>1,708</u>

**Amounts included in interest and other finance costs**

Pension finance costs	<u>(19)</u>	<u>(116)</u>
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**Amount recognised in Other Comprehensive Income**

Return on pension plan assets	(586)	189
Changes in assumptions underlying the present value of plan liabilities	3,997	8,044
Other experience	(929)	(839)
Changes in demographic assumptions	429	74
Actuarial movement*	<u>(2,244)</u>	<u>-</u>
<b>Amount recognised in Other Comprehensive Income</b>	<u>667</u>	<u>7,468</u>

**Movement in net defined benefit liability during year**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Net defined benefit (liability) in scheme at 1 August	(429)	(6,738)
Movement in year:		
Current service cost	(941)	(1,708)
Employer contributions	722	665
Net interest on the defined (liability)/asset	(19)	(116)
Actuarial loss	2,911	7,468
Actuarial movement*	<u>(2,244)</u>	<u>-</u>
<b>Net defined benefit liability at 31 July</b>	<u>-</u>	<u>(429)</u>

\* As the LGPS surplus is irrecoverable, recognition of the surplus on the balance sheet has been restricted to £nil. The adjustment of £2,244k has been offset against the overall actuarial gain for the year.

**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS**  
**Notes to the Accounts (continued)**

**Asset and Liability Reconciliation**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	15,328	20,653
Current service cost	941	1,708
Interest cost	551	343
Contributions by scheme participants	197	179
Changes in financial assumptions	(3,997)	(8,044)
Changes in demographic assumptions	(429)	(74)
Other Experience	1,439	839
Estimated benefits paid	(305)	(276)
<b>Defined benefit obligations at end of period</b>	<u>13,725</u>	<u>15,328</u>
 <b>Changes in fair value of plan assets</b>		
<b>Fair value of plan assets at start of period</b>	14,899	13,915
Interest on plan assets	532	227
Return on plan assets	(586)	189
Other experience	510	-
Employer contributions	722	665
Contributions by scheme participants	197	179
Estimated benefits paid	(305)	(276)
<b>Fair value of plan assets at end of period</b>	<u>15,969</u>	<u>14,899</u>

**22. Related Party Transactions**

Due to the nature of the College's operations and the composition of the Corporation (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 Corporation may have an interest. All transactions involving organisations in which a Member of the Corporation may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. No transactions were identified which should be disclosed.

Transactions with the Education and Skills Funding Agency are detailed in note 2.

No travel and subsistence expenses and other out of pocket expenses were incurred by any member of the Corporation in attending Corporation meetings and charity events in their official capacity.

No member of the Corporation has received any remuneration or waived payments from the College or its subsidiaries during the year (2021-22: none).

**23. Events after the reporting period**

None

**HILLS ROAD SIXTH FORM COLLEGE GROUP ACCOUNTS****Notes to the Accounts (continued)****24. Amounts disbursed as agent**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Balance unspent at 31 July	25	33
Funding body grants – bursary support	151	114
	<u>176</u>	<u>147</u>
Disbursed to students	(105)	(116)
Administration costs	(7)	(6)
	<u>64</u>	<u>25</u>

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