

PORTSMOUTH COLLEGE

Report and

Financial Statements

for the year ended 31 July 2021

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Reference and Administrative Details

Board of Governors

Mr N Wynne
Mrs K Tyrrell
Mr J Ahmed
Mr H Taylor
Mr D Carpenter
Mr J Humphries
Ms J Smith
Mr P Cowdery
Ms R Lowe
Mrs A Hodgson
Mr B Collins
Mr S Ali
Mr M Cooper (joined December 2020)
Ms S Fryer (joined October 2020)
Mr D Lycett
Ms K Hill
Mr H Webb (joined October 2020)
Mr P Walton (joined November 2020)
Mr R Edwards (left August 2020)
Mr I Skingley (left October 2020)
Ms H Arnott (left October 2020)
Mr S Barrable

Clerk

Mrs L Dine

Senior Officers

Simon Barrable, Principal and Chief Executive; Accounting Officer
Frances Mullen, Deputy Principal - Students and Operations
Neil McMonagle, Vice Principal - College Services and Information
Emily Pountney, Vice Principal - Curriculum, Teaching & Learning
Tomas Lloyd, Vice Principal - New Business Development
Joanna Wheeler, Finance Director

Professional advisers

Financial statements auditors and reporting accountants:

RSM UK Audit LLP, Highfield Court, Tollgate, Chandlers Ford, Hants, SO53 3TY

Internal auditors:

Southern Internal Audit Partnership, County Treasurers Dept., Hampshire County Council
The Castle, Winchester, SO23 8UB

Bankers:

Lloyds TSB Corporate, 3 Town Quay, Southampton, SO14 2AQ

Solicitors

Paris Smith, 1 London Road, Southampton, Hants, SO15 2AE

Strategic Report of the Governing Body

OBJECTIVES AND STRATEGIES:

The governing body present their annual report together with the financial statements and auditor's report for Portsmouth College for the year ended 31 July 2021.

Legal status

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

The Corporation was incorporated as Portsmouth College.

The College dissolved as a legal entity on 1st August 2021 and on this date transferred all assets and liabilities to City of Portsmouth College.

Mission, Vision, Strategy and/or Objectives

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

"Portsmouth College is a friendly, aspirational, enterprising and successful college, committed to the full academic and personal development of its students.

We will provide you with opportunities to thrive and achieve excellent educational outcomes and the best employment prospects in a challenging and supportive learning environment.

We work in close co-operation with our educational partners and other relevant community organisations to help you realise your full potential".

Public Benefit

Portsmouth College is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education, as Principal Regulator for all Sixth Form College Corporations in England. The members of the Governing Body, are disclosed on pages 14 and 15.

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

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

- Providing careers information and guidance before and during student enrolment at College
- High-quality teaching & learning for annually around 1,500 16-18 students / 16-24 students with High Educational Needs, without charge
- Widening participation and tackling social exclusion especially within the City of Portsmouth
- Good record of students progressing to employment and university after finishing at the College
- Strong student support systems
- Innovative curriculum delivery including providing employability skills
- Growing the educational offer that is available in the Portsmouth area including apprenticeships and adult education opportunities as well as functional skills and GCSE in mathematics and English without charge
- Fruitful links with the local authority, local schools, employers, industry and commerce with a view to improving the standard of local people's lives through education and training.
- Providing immersive study programmes to international students whilst creating overseas opportunities for students from the UK

Implementation of strategic plan

The College produced a Strategic Plan for the period from 2018 – 2021. Annual targets are set by the Corporation each year that are based upon the Strategic Plan core principles and objectives. The Corporation monitors the performance of the College against these plans.

Strategic Report of the Governing Body (continued)

Its main achievements in 2020/21 were:

- 16-18 enrolment in September 2021 was 1,610 (1,619 in September 2020), over 92% of significant growth from the prior year maintained
- 178 new apprentices enrolled in 2020/21, an increase of 54.8% new starts compared to 115 in 2019/20. 343 apprentices on roll in 2020/21, an increase of 18.3% from 290 on roll in 2019/20.
- Achieved 100% delivery of the College's 2020/21 Adult Education Community Learning contract
- Third year in a row of increased overall 16-18 achievement rates; 2020/21: 88.6%, 2019/20: 88.1% and 2018/19: 83.0%
- A Level retention improved at 90.2% (2019/20 87.9%, 2018/19 85.9%)
- GCSE English retakes (16-18) achieved 4 or higher in 86.6% of cases (2019/20 79.0%, 2018/19 71.3%). 100% of students in receipt of free meals achieved 4 or higher
- Fast and effective response to the pandemic keeping staff and students safe, and attendance and retention strong
- Successfully delivered on the key college and city objective of the creation of City of Portsmouth College through a merger with Highbury College

Financial objectives and Performance Indicators

- Grow 16-18 student numbers by 50 for autumn 2021 enrolment
 - *Not achieved – 1,610 in 2021/22, slightly down from 1,619 in 2020/21*
- Achieve overall grade 5 ALPs scores for A-Level and BTEC/CTECs
 - *Achieved – Overall ALPS for A-level was a grade 2 and for BTEC/CTEC was a grade 4.*
- Quality improvement – all courses to have an ALPs of 6 or above
 - *Achieved – 57 out of 60 eligible courses were an ALPS of 6 or better. 3 Courses were a grade 7; A-level Photography, CTEC Diploma IT and CTEC Certificate in Business*
- Student attendance overall to exceed 90%
 - *Partially achieved: overall attendance increased to 89.6% (up from 89.3% in 2019/20)*
- Forecast operating deficit (£333k) (before FRS102 adjustments and release of revaluation reserve)
 - *Achieved – Operating surplus of £132.9k before pre-merger costs, Assets Under Construction written off, FRS 102 adjustment and release of revaluation reserve*
- Achieve at least 100% delivery of the 2020/21 Adult Education Budget contract, £683k
 - *Partially achieved – 100% Community Learning contract delivered, 80.4% delivery of total AEB contract due to lockdown and Covid H&S requirements*
- Achieve 2020/21 planned Apprenticeship delivery of £457k
 - *Achieved - £595.1k delivered in 2020/21 excluding incentives*
- Achieve £75k contribution from Global income during 2020/21
 - *Partially achieved - £77.5k income from international student fees. Planned Study Programmes could not take place as a result of COVID.*
- Maintain ESFA financial health rating at 'Good'
 - *Not achieved – 'Requires Improvement' due to pre-merger costs of £250k incurred and write off of Assets Under Construction totalling £149k*
- Pay expenditure to be maintained below 76% (high % due to impact of Covid and increased staffing to support student growth) of non-subcontracted income
 - *Achieved - Staff costs as a percentage of non-subcontracted income were 74.1%*
- Cash balance to be achieved of at least £2.0m
 - *Partially achieved – cash £1.77M and 71 days in hand on 31 July 2021. Lower cash balance due to repayment of commercial loans prior to merger.*
- Current ratio of at least 1:1.12 to be maintained
 - *Achieved – 1:1.19 as at 31 July 2021, 1:1.13 as at 31 July 2020*
- Net cash inflow from operating activities greater than 1% of total income
 - *Achieved – net cash flow from operating activities 6.83% of total income*
- General Reserves (excluding pension reserve/deficit) of at least 30% of total income to be maintained
 - *Achieved – General Reserves £3.7M (excluding pension deficit), 37.3% of total income*
- Loans to be maintained at or less than 20% of total income
 - *Achieved – loans were 1.8% of total income as at 31 July 2021*

Strategic Report of the Governing Body (continued)

FINANCIAL POSITION

Financial Results

The College posted a deficit of (£927,000) in the year-ended 31 July 2021 (2019/20 deficit of £352,000). A charge of £726,000 (2019/20 £415,000) was made, in respect of Local Government Pension adjustments to the Statement of Comprehensive Income. These adjustments reflect both interest on the pension deficit and difference between the calculated cost of running the pension and the contributions made during the year.

The deficit result includes the FRS 102 charge of £726k, costs incurred relating to the merger (pre-merger costs) of £250k and £149k written off relating to costs incurred for the modular build project. The operating result before the FRS 102 charge, pre-merger costs and asset write off was a surplus of £198k.

Income received from funding body grants was £923k higher than the previous year. This was due to an increase in funding received for 16-18 students, £739k increase compared to 2019/20 due to; student growth, in-year growth funding received, high value courses premium funding and delivery of the 16-19 tuition fund. Apprenticeship growth also contributed to the increase, £111k more funding delivered compared to the prior year. During the year £124k of funding was clawed back by the ESFA, this related to the delivery of Hairdressing apprenticeships in prior years. The ESFA confirmed that learners were not eligible to be funded for the Apprenticeship Standard in Hairdressing based on their prior completion of the Hairdressing Framework at the same level.

Staff costs include the FRS102 charge of £661k (an increase of £306k compared to the prior year), and the cost of staffing required for Covid testing, Covid marshals and topping up pay for furloughed staff. 2020/21 staff costs also include a 3.25% inflationary pay increase agreed nationally which was paid to all staff.

Other operating expenses includes savings due to remote teaching and learning and remote working, the £250k pre-merger costs and £108k cost of Covid relating to increasing catering provision costs and consumables.

The College invested £246,000 in capital expenditure in the year, £143k incurred to mitigate the impact of Covid-19, this included spend on marquees to increase social space for students and investment in access control to provide additional secure entrances to the site. £76k was invested in iPads for students, and £24k spent on laptops for staff to enable remote teaching and working.

The College's balance sheet remains strong with 71 cash days in hand and a current ratio of 1.19, borrowings are low totalling £172k at the year end and cash in hand was £1.8m after the repayment of commercial loans totalling £589k.

The local government pension scheme liability has decreased by £176,000 (2019/20 increase £1,818,000), this is in addition to the £726,000 charge through the Statement of Comprehensive Income.

The College has significant reliance on the government funding received from the ESFA for its principal funding source, largely from recurrent grants. In 2020/21 the Funding Bodies provided 90.7% (2019/20 88.6%) of the College's total income.

Treasury policies and objectives

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

The College has a treasury management policy in place included within Financial Regulation 7, Banking Arrangements, Investments and Borrowing. Short-term borrowing for temporary revenue purposes is authorised by the Accounting Officer (Principal). Such arrangements are restricted by limits in the Financial Memorandum agreed with the ESFA. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

Report of the Governing Body (continued)

Cash flows

Net cash inflow from operating activities amounted to £669,000 (2019/20 £686,000). In the year cash (including short term investments) increased by £233,000 (2019/20 increase £198,000) which reflects the operating surplus for the current year.

Liquidity

£589,000 was paid off existing debt during the year. No new loans were taken out during the year.

Reserves

The College has no formal Reserves Policy, but the Corporation recognises the importance of reserves in underpinning the financial stability of the College for the benefit of all stakeholders. The level to be held is set to allow the College to fully meet its obligations at times of financial hardship which would include having funds for staff restructuring. The absolute level of reserves held may vary due to the need to respond to demands placed on the College when it needs to maintain high quality education to the College beneficiaries. The longer-term strategic benefits may need to take precedence over absolute reserve level targets if through the investment of these reserves future financial health can be assured, which may include investment in buildings or equipment. It is important that reserves are not built up without purpose as priority must be given to ensuring that adequate resources are provided for the College's core business. The College currently holds no restricted reserves. As at the balance sheet date, the Income and Expenditure account reserve (before pension deficit) stands at £3.656M (2020: £3.798M). The cash and cash equivalents plus short term cash investments held by the College are more crucial when considering the ability of the College to respond to financial hardship. At the balance sheet date cash and cash equivalents were £1,265,000 (2020 £1,032,000) and short-term investments £500,000 (2020 £911,000).

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student Numbers

The 16-18 programme funding contract for 2020/21 provided a total of £6.960M (including £252K for High Needs Students). The College has delivered 80.43% of its Adult Education Budget (AEB) funding to the value of £562K out of a contract for £699K. Apprenticeship funding generated totalled £595K from both 16-18 and adult apprentices.

Student Achievements

The final achievement rate at A level for full-time students in 2020/21 was 89.3% (2019/20: 87.0%). Retention on A level courses was 90.2% (up from 87.9% in 2019/20), the pass rate achieved in 2020/21 was 99.0%, maintained following the same pass rate of 99.0% in 2019/20.

The overall achievement rate for Level 3 Diploma qualification (16-18 provision) was 92.9%, with the pass rate increasing to 99.5%, (2019/20: 98.3%) and retention was 93.3%.

The College has been very successful in meeting the Condition of Funding involving the compulsory delivery of Maths and English to 16-18 year old students who did not achieve a grade C / 4 or above at GCSE in these subjects prior to joining College. High grade pass rates continue to increase for both English and Maths. In English, 87.4% of students achieved 4+, (2019/20: 78.5%, 2018/19: 71.2%), and in Maths 58.4% achieved 4+ (2019/20: 57.3%, 2018/19: 43.4%), both significantly above the national rate.

Curriculum Developments

The College has extended its proposed T-Level offer and are now planning to deliver a T-Level in Health and a T-Level Healthcare Science from September 2022 and are now taking applications for this. The College is also going to run a Level 2 Transition to T-Levels programme from September 2022 for students who are not ready to join the L3 T-Levels directly. In conjunction with Highbury College we have also been successful in our bid to deliver further T-Levels in Childcare, Engineering, Construction & Digital from 2023.

Report of the Governing Body (continued)

Curriculum Developments (continued)

As part of the E6 programme, the Work Experience team used the CDF fund to continue to build on employer engagement and placements through a challenging year. Due to Covid, only 5 placements were started before the end of the academic year, with a further 18 placements starting on a live brief model which counted as 'work taster' activities. Funds were not fully utilised in 2020/2021, although the team did continue to build staff capacity to support industry placements through the recruitment of two Project Coordinators roles, in addition to an apprentice to support with recruitment and our IP social media strategy. Moving forward in 2021/2022 the team are wishing to use the funds to support employers with placements, marketing and by recruiting IP Student Champions which has proven to be a model that has been successful through our SUN provision at the college. 2020/2021 has allowed the team to make certain that we are continuing to build capacity as outlined in our targets, but also to ensure that we have the employer base in preparation for the launch of the T-Level in Health and Science in September 2022.

The Adult Education and Apprenticeship department supported and educated 2,139 adult learners during 2020-21 and 343 Apprentices. Coronavirus continued to have a significant impact on the projected growth of Apprenticeships during the first half of the year, as intermittent lockdowns and furlough scheme support for existing employees resulted in employers ceasing all recruitment. However, there was significant growth in Apprenticeships throughout the second half of the year as businesses began to reopen and the government provided additional employer incentives to support new apprenticeship starts.

The rise in unemployment resulted in a continued focus on our 'Prepare to Work' provision. Delivered in partnership with the DWP and JobCentre, the programme is designed to get people from across the city back into work quickly in the sector of their choice. In addition, the college created and delivered several skills packages in mental health, wellbeing, digital skills and safeguarding, to vulnerable communities via housing associations, community projects and educational institutions.

The merger between Highbury College and Portsmouth College, has resulted in the development of a Commercial and Employer Services department which offers a 'one-stop-shop' training offer for employers and employees in the City of Portsmouth and Solent region. Following curriculum rationalisation, the College's work-based training offer is clear and concise, offering 33 different apprenticeship standards across 9 sectors, via delivery pillars in Business and Education, Trades and Services, Digital and Media and Health and Projects. A range of short commercial courses in construction are also available.

Looking forwards, the college has engaged with local employers to identify skills gaps and as a result we have sourced funding to invest in several new courses. There will be a particular focus on the development of Clean Growth training courses during 2021/22, including heat pumps, battery storage, solar, retrofitting and electric car charging.

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2020 to 31 July 2021, the College paid 80% (92% in 2019/20) of its invoices within 30 days of the date of invoice. The College incurred no interest charges in respect of late payment for this period.

Future prospects

On 21st July 2021 the Corporation resolved to merge with the Corporation of Highbury College in accordance with section 330 of the Further and Higher Education Act 1992, with the Corporation of Portsmouth College dissolving at 00:01 on 1st August 2021 and with its property, rights and liabilities transferring immediately before that time to the Corporation of Highbury College in accordance with section 33P of the Further and Higher Education Act 1982.

Post-balance Sheet Events

On 1st August 2021, Portsmouth College successfully merged with Highbury College now known as the City of Portsmouth College.

Report of the Governing Body (continued)

Planned Maintenance Programme and Resources

The College buildings are refurbished to a high standard with classrooms and student spaces proving to be excellent spaces valued by users. The College prioritises the investment in essential maintenance and refurbishments to improve efficiency in building utilisation.

Staff and Student Involvement

The College continued to work through challenges arising due to the pandemic. Staff and students were kept up to date with any changes put in place to mitigate against the impact of Covid-19.

During the year the College were successful in their bid to merge with Highbury College, the second half of the year has required a significant amount of work on the merger which was planned for and achieved on 1st August.

Communication to staff has continued remotely via video calls and email to ensure the College are taking measures to mitigate the risk of the impact of Covid-19. Updates and College news continued to be provided to students and parents through the College website and by text message, providing updates and information as the guidance developed.

Open Evening events were able to take place at the College campus, over 1,000 students attended across two evenings held in October 2021. Open Evening is a crucial event for the College to drive student applications, and to convert these applications to students enrolling for the next academic year.

The College holds regular productive meetings with the Joint Union Consultative Committee, additional meetings have been held when required to discuss any changes required as an impact of Covid-19.

The College has an active student union, the chair of which has regular contact with the Principal, and is a member of the Corporation along with an independent student governor. The College receives regular feedback from students through Student Voice and Focus Group meetings.

Taxation

None of the College's activities fall within the scope of corporation tax.

RESOURCES

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

Tangible resources are located at the College campus on Tangier Road, Portsmouth.

Financial

The College has £1.006M of Net Assets (after deducting £4.682M of pension defined benefit obligations and £3.411M of deferred income government capital grants). Long term loan debt totals £123K (2019/20 £527K).

People

The College employs 359 people, of whom 163 are teaching staff.

Reputation

The College has a growing and widening reputation for quality locally and it works with many local partners including Portsmouth City Council, all Portsmouth secondary schools, local universities and further education providers as well as many other local, regional and national organisations including employers.

Report of the Governing Body (continued)

PRINCIPAL RISKS AND UNCERTAINTIES:

The College continues to use the risk register as the driver for the Board Assurance Framework following the decision not to obtain a full assurance opinion from the College internal auditors.

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College or from external changes.

A risk register is maintained at the College level which is reviewed termly by the Audit Committee and by the full Corporation. In addition, risks from the College register are allocated to each governor committee and are reviewed in more detail by those committees at each meeting. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

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

1. Government funding

The College has considerable reliance on continued government funding through the further education funding bodies. In 2020/21 97.8% (2019/20 92.8%) of the College's revenue was ultimately public funded. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of issues which may impact on future funding:

- Future government policies are uncertain due to the financial impact COVID-19, and the impact of BREXIT
- Adult Education Budget is a fixed allocation, restricting the value than can be delivered and the College's ability to grow the provision

This risk is mitigated in a number of ways:

- Funding is derived through a variety of direct and indirect contractual arrangements plus through growing the level of student fees directly from students and through Advanced Learner Loans;
- By ensuring the College is rigorous in delivering high quality education and training maintaining the trend of improvements in 16-18 and 19+ achievement;
- Continue to invest in the facilities to enable the College to match other local providers and to ensure space for expansion;
- Building on the rising reputation of the College through targeted marketing and by offering creative and innovative study programmes that are suitable and attractive to the local community;
- Considerable focus and investment of time is placed on maintaining and managing key relationships with the various funding bodies;

Report of the Governing Body (continued)

PRINCIPAL RISKS AND UNCERTAINTIES: (continued)

- Work with local schools to assist them in achieving improving educational outcomes as well as ensuring the College offer delivers what these local young people need to make them successful;
- Further develop and expand the breadth and size of the Apprenticeship programme through maintaining the highest standards of quality and customer service helping local young people obtain employment with training, in line with the employment and training needs of the City. Any curriculum expansion will be closely linked to levy employers with defined gaps in their training provision;
- The dovetailing of the Adult Education and Apprenticeship training offer which allows prospective students and employers to select the delivery methodology and funding stream that meets their needs and provides optimum value;
- A sub-contracting agreement is now in place to deliver spare capacity within the Adult Education allocation;
- Work with the SFCA to promote the Sixth Form college brand and to push Sixth Form agenda such as; an increase in base rate funding per learner to get us back to at least 2010 equivalent funding levels, getting the government to agree to changes allowing Sixth Form Colleges to reclaim input VAT;
- Developing business outside of the UK should bring much needed student fee and educational visit income to provide an alternative to the real terms falling government funding.

2. Tuition fee policy

The reduction in the classes of learners who are able to claim fee remission has impacted on the College's ability to recruit as many students, particularly due to the low levels of disposable income within Portsmouth. In line with many other colleges, Portsmouth College is generally finding it impossible to pass on the ESFA full fee assumptions.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for adult students and apprentices;
- Close monitoring of the demand for courses as prices change;
- Further expansion of the level 2 online provision, that is more accessible whilst remaining relevant and meeting funding requirements;
- Checking prices charged for courses are competitive, value for money and cover delivery costs;
- Increase relationships with local businesses that are prepared to pay fees for high quality, targeted and convenient training for their staff including through apprenticeships;
- Improvements to the College facilities will help to provide businesses with the training venues that they would expect;
- Expansion of the Level 3 online offer to expand opportunities for learners to access Advanced Learner Loans. Promote the Advanced Learner Loans for Level 3 and 4 courses extensively as not having to find funds upfront suits learners with low disposable income.
- Introduction of 'ESOL' in the community programme through the Adult Education department

3. Maintain adequate funding of pension liabilities

The financial statements report the share of the pension scheme deficit on the College's balance sheet in line with the requirements of FRS 102 s28.11 which is being repaid through additional contributions each year.

STAKEHOLDER RELATIONSHIPS

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

- Students;
- Education sector funding bodies;
- Staff and their trade unions;

Report of the Governing Body (continued)

STAKEHOLDER RELATIONSHIPS: (continued)

- Local employers;
- Local Authorities;
- Partner secondary schools;
- LEP;
- The local community;
- Other FE institutions and local universities;
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them via personal contact and the building of trust through relationship which enables the College to maximise opportunities and to make a difference as an educational charity. Communication with stakeholders is made through the College Internet site, social media and through informal and formal meetings.

Equal Opportunities and employment of disabled persons

Portsmouth College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis. The College's Equal Opportunities Policy, including its Race Relations Policy, is published on the College's Intranet site.

The College considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

Disability Statement

The College seeks to achieve the objectives set down in the Disability Discrimination Act 2010:

- a) There is a list of specialist equipment, such as lighting and audio facilities, which the College can make available for use by students;
- b) The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy;
- c) The College has made a significant investment in the appointment of specialist teachers to support students with learning difficulties and/or disabilities. There are a growing number of learning support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities;
- d) Specialist programmes are described in programme information guides, and achievements and destinations are recorded and published in the standard college format;
- e) Counselling and welfare services are described in the College charter;
- f) As part of its development of an accommodation strategy the College has updated its access audit, the result of which continues to influence and inform future developments.

Report of the Governing Body (continued)**Trade union facility time**

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

Numbers of employees who were relevant union officials during the relevant period	FTE employee number
2	0.17

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

Total cost of facility time	£8,173
Total pay bill	£6,893,379
Percentage of total bill spent on facility time	0.12%

Time spent on paid trade union activities as a percentage of total paid facility time	100%
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Going Concern

The College merged with Highbury College on 1st August 2021, and is now known as City of Portsmouth College. Therefore the accounts have been prepared on the basis other than going concern.

Disclosure of information to auditors

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

Approved by order of the members of the Corporation on 7th December 2021 and signed on its behalf by



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Paul Quigley
Chair of City of Portsmouth College

Governance Statement

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2020 to 31st July 2021 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);
- ii. having due regard to the Charity Governance Code, adopted by the Corporation in April 2019.

The College is committed to exhibiting best practice in all aspects of corporate governance. Therefore, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including the principles and recommended practices of the Charity Governance Code. Acting on a recommended practice, a Board Equality & Diversity Report and equality objectives were developed and approved by the Corporation in March 2021. Since that time, the Corporation has been proactive in ensuring that governor nominations to both the shadow board and the new City of Portsmouth College board contribute the required skills and expertise, and reflect the diversity of the population the new college will serve.

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

The Corporation

The members who served on the Corporation during the year **and up until the dissolution of the College on 1st August 2021** were as listed in the table below:

	Date of Current Appointment	Term of Office	Date of Resignation/ Leaving	Status of Appointment	Corporation Attendance in 2020/21
Mr N Wynne	March 2021	4 years		External Member	100%
Mrs K Tyrrell	March 2021	4 years		External Member	89%
Mr J Humphries	March 2021	4 years		External Member	80%
Mr B Collins	January 2021	4 years		External Member	78%
Mr J Ahmed	December 2020	4 years		External Member	89%
Mr M Cooper	December 2020	4 years		External Member	67%
Mr P Walton	November 2020	2 years		Parent Governor	83%
Ms S Fryer/ Ms L Cownie (deputy)	October 2020	1 year		Student Union Governor	75%
Mr H Webb	October 2020	1 year		Independent Student Governor	88%
Ms K Hill	July 2020	4 years		Staff Governor	100%
Mr H Taylor	July 2020	4 years		External Member	78%
Mr I Skingley	October 2019	1 year	October 2020	Independent Student Governor	100%

Ms H Arnott	October 2019	1 year	October 2020	Student Union Governor	0%
Mr S Ali	September 2019	4 years		External Member	89%
Mr D Lycett	July 2019	4 years		Staff Governor	78%
Ms R Lowe	December 2018	4 years		External Member	78%
Mr P Cowdery	July 2018	4 years		External Member	100%
Mrs Adele Hodgson	July 2018	4 years		External Member	78%
Ms J Smith	March 2018	4 years		External Member	89%
Mr D Carpenter	March 18	4 years		External Member	100%
Mr S Barrable	August 2018	N/A		Principal	100%
Mrs L Dine was appointed Clerk to the Corporation in November 2018.					

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

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets at least four times a year. During 2020/21 the Corporation met nine times.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Finance and Resources, Remuneration, Curriculum and Student, Search, Audit and Employment Policy. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website at: www.portsmouth-college.ac.uk or from the Clerk to the Corporation at:

Clerk to the Corporation
 Portsmouth College
 Tangier Road
 Portsmouth
 Hampshire
 PO3 6PZ

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

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

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are provided on an ad hoc basis made available via the governors' dedicated 'team drive'.

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

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

Covid-19

The Corporation and committees continued to hold meetings on a remote basis and uphold their duties in the usual way as set out in the governance statement.

Appointments to the Corporation

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

Members of the Corporation are appointed for a term of office not exceeding four years.

Corporation performance

The Corporation completed a governance self-assessment during 2019, which identified areas where the Corporation considered it was performing well and areas for improvement. The latter have since been addressed through the development and implementation of improvement plans. The progress and completion of actions has been subject to ongoing monitoring and review by the relevant Committees, with the Corporation undertaking an end of year review in December 2020 and a final review at its meeting on 7th July 2021.

Remuneration Committee

Throughout the year ending 31 July 2021 the College's Remuneration Committee comprised three members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and Clerk to the Corporation.

The Committee makes recommendations to the Corporation on pay based on performance, and makes reference to the SFCa Workforce Survey and the average pay for the sector

Details of remuneration for the year ended 31 July 2021 are set out in note 7 to the financial statements.

Audit Committee

The Audit Committee comprised five members of the Corporation (excluding the Accounting Officer and Chair to the Corporation). Membership and attendance of the Committee in 2020/21 was as follows:

	Status of Appointment	Attendance in 2020/21
Mr Shahalam Ali (Chair)	External Member	100%
Mr J Ahmed	External Member	100%
Mr D Carpenter	External Member	100%
Ms R Lowe	External Member	33%
Ms K Tyrrell	External Member	0%

The Committee operated in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal, reporting accountants and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

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

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

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

Search Committee

The Search Committee comprised five members of the Corporation and operated with written terms of reference approved by the Corporation. Membership of the Search Committee in 2020/21 was:

	Status of Appointment	Attendance in 2020/21
Mr D Carpenter (Chair)	External Member	100%
Mrs A Hodgson	External Member	100%
Mr S Barrable	Principal	100%
Mr N Wynne	External Member	67%
Mrs K Tyrrell	External Member	67%

The Search Committee leads the process for board appointments and makes recommendations to the Board. The Search Committee considers the balance of skills, experience, knowledge and diversity on the board and uses this information to conduct the search for new members of the Corporation. Diversity on the board is considered on an annual basis.

The Search Committee takes the lead on the induction, training and development of governors as well as the evaluation process. It also considers the membership of sub-committees and considers re-appointment of governors at the end of their term of office.

Finance and Resources Committee

The Finance and Resources Committee comprised four members of the Corporation and operated with written terms of reference approved by the Corporation. Membership of the Finance and Resources Committee in 2020/21 was:

	Status of Appointment	Attendance in 2020/21
Ms A Hodgson (Chair)	External Member	100%
Mr N Wynne	External Member	100%
Mr S Barrable	Principal	100%
Mr D Lycett	Staff Member	100%

The Finance and Resources Committee considers and advises the Corporation on all aspects of college finance including financial policies, financial targets and funding arrangements. It receives regular reports to enable it to monitor the budget, recommend remedial action when necessary, and report major variations. The committee provides advice on value for money, investments, borrowings and any fee charging mechanisms.

Additionally, the Committee has oversight of any capital projects, maintenance of college grounds, buildings and equipment and it monitors the IT strategy, including Data Protection.

Employment Policy Committee

The Employment Policy Committee comprised five members of the Corporation and operated with written terms of reference approved by the Corporation. Membership of the Employment Policy Committee in 2020/21 was:

	Status of Appointment	Attendance in 2020/21
Mr B Collins (Chair)	External Member	100%
Ms K Hill	Staff Governor	100%
Mr D Carpenter	External Member	67%
Ms J Smith	External Member	67%
Mr S Barrable	Principal	33%

The Employment Policy Committee considers and advises on all matters relating to personnel, employment policy, industrial relations, equal opportunities, Health and Safety, welfare and environmental matters.

Curriculum and Student Committee

The Curriculum and Student Committee comprised eight members of the Corporation and operated with written terms of reference approved by the Corporation. Membership of the Curriculum and Student Committee in 2020/21 was:

	Status of Appointment	Attendance in 2020/21
Mr H Taylor (Chair)	External Member	100%
Mr S Barrable	Principal	100%
Mr J Humphries	External Member	100%
Mr P Cowdery	External Member	100%
Mr M Cooper	External Member	50%
Mr P Walton	Parent Governor	50%
Ms H Arnott <i>(to Oct 2020)</i>	Student Union Governor	0%
Ms S Fryer/Ms L Cownie <i>(from Oct 2020)</i>		100%
Mr I Skingley <i>(to Oct 2020)</i>	Independent	100%
Mr H Webb <i>(from Oct 2020)</i>	Student Governor	100%

The Curriculum and Student Committee leads on monitoring the College's performance in relation to delivery of the curriculum and student performance. It advises on the quality strategy, monitors the quality assurance system and maintains oversight of the SAR process.

The Committee takes the lead on all student matters, including equality and diversity, pastoral care, safeguarding and Prevent and it also monitors student voice, exclusions and attendance.

Internal control

Scope of responsibility

The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to

achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Portsmouth College for the year ended 31 July 2021.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2021. This process has been regularly reviewed by the Corporation during the year.

The Audit Committee responded to changes in audit practice and regulation by requesting that management provide a risk-based Board Assurance Framework. This reflects and acknowledges an increased onus on the Corporation for those opinions that inform its financial statements.

The risk and control framework

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

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

Portsmouth College had an internal audit service appointed for the year ended 31st July 2021 that provided evidence to the Corporation that contributed to the Board Assurance Framework. The internal audit plans were based on a risk analysis recommended by the Audit Committee and endorsed by the Corporation. The College management and Governors have assessed the internal controls for the year ended 31st July 2021 and developed a Board Assurance Framework, clearly showing the mapping of assurance sources against the risks identified.

The College used its Risk Management Register as the basis for identifying the risks that the Corporation requires assurance of adequate management. The assurance methods that would be employed were agreed with the Audit Committee. The Committee was provided with regular reports on this assurance activity in the College which included obtaining assurance from:

- internal audit providing assurance on areas of risk identified by College management and the Audit Committee,
- external audit work of financial statements auditors and regularity auditors,
- any other independent audits/checks including OFSTED, funding audit, Health & Safety reports,

- externally produced data / reports,
- SAR for College and Governors,
- minutes of all Governor committee meetings,
- internally produced data / reports.

Risks faced by the corporation

The College's Risk Management Strategy includes a structure that consists of:

- A Risk Management Group (Principal, Deputy Principals, Vice Principals, Assistant Principals and if different the Risk Management Champion and others co-opted as required)
- A Risk Register (updated monthly)
- Risk Management Action Plans (updated monthly or as required)
- Control and review through monthly SLT Strategic meetings on behalf of management and by the Audit Committee for Governors.

All staff are invited to submit their views on potential business risks to the College. Such identification can happen through the College's established meetings structure (e.g. departmental meetings, support staff meetings, full staff meetings, reports from INSET etc.) or through independent submission. The RMG will be responsible for deciding which risks should be recorded on to the Risk Register, and the priority of these risks. Risks are scored based on their financial impact, reputational impact and likelihood, scores determine the priority of risks identified. The Risk Register will be updated (for both inclusion and rating) at each RMG meeting. The evaluation of risks will be a dynamic process, with risks added, removed, re-rated or confirmed at each meeting.

Control weaknesses identified

Following internal audits completed during 2020/21 there were no management actions. All audits were undertaken remotely with staff sharing screens, collecting evidence and holding meetings via Teams. Whilst methods had changed, the process remained the same. Internal Audits were completed for the following areas:

- Learner numbers system and student loans
- Learner numbers system – non-subcontracted apprentices
- Subcontracting controls assurance
- Payroll
- Value for money – purchasing

Four areas received 'substantial assurance' (learner numbers - apprentices, subcontracting, payroll and value for money) and one area 'reasonable assurance' (learner numbers system and income streams).

Responsibilities under funding agreements

The Corporation receives assurances and evidence of controls in place from the Board Assurance Framework, this is updated termly for review by the Audit Committee for recommendation to members of the Corporation. The Board Assurance framework is aligned to the College's Risk Register, and includes internal controls from management and internal controls that are independent. The risks are each allocated to a governors' committee to take responsibility to ensure the College are mitigating risks and that sufficient controls in place and evidenced. Risks from the arrangement for student funding are identified and included on both the College's Risk Register and Board Assurance Framework.

Statement from the audit committee

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

The specific areas of work undertaken by the audit committee in 2020/21 are:

- Reviewing the 2019/20 Annual Report and Accounts, and outcomes of the external audit;
- Reviewing the risk management and internal control systems and the board assurance framework. Consideration was also given to the management and mitigation of risks associated with the merger, and the Covid-19 pandemic;

- Approving the internal audit plan, receiving reports from the internal auditors and monitoring progress against recommendations;
- Reviewing the effectiveness of the internal and external auditors;
- Undertaking a review of the following policies, and recommending the same for approval by the Corporation: Anti-Fraud; Anti-Bribery, Whistleblowing and Risk Management. There were no cases of whistleblowing, fraud, bribery or irregularity reported to the Committee in 2020/21.
- Recommending the extension of the external audit contract for a period of one year.

Based on the activities undertaken in the year and the board assurance report, the Audit Committee were able to reassure the Corporation that they have been satisfied with the adequacy and effectiveness of the corporation's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of its assets.

Review of effectiveness

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

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

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

The senior leadership 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 leadership 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 leadership team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

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

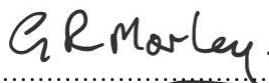
Going concern

The College dissolved as a legal entity on 1st August 2021. The accounts are therefore prepared on a basis other than going concern as the College ceased to legally exist from 1st August 2021.

Approved by Members of the Corporation of City of Portsmouth College on behalf of Portsmouth College on 7th December 2021 and signed on its behalf by:



.....
Paul Quigley
Chair of City of Portsmouth College
Date 7th December 2021



.....
Graham Morley
Accounting Officer for City of Portsmouth College
Date 7th December 2021

Statement of Regularity, Propriety and Compliance

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

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

During the year the ESFA confirmed an irregularity in relation to the contract held with Soccer Scholar Academy, the contract has been confirmed as a subcontracting arrangement. Appropriate steps have been taken to mitigate any further risks and to be fully compliant with the ESFA funding regulations by 31 December 2021, the ESFA has confirmed that no clawback will be applied. The irregularity is not material and has been disclosed as required by the ESFA.



.....
Paul Quigley
Chair of City of Portsmouth College
Date 7th December 2021



.....
Graham Morley
Accounting Officer for City of Portsmouth College
Date 7th December 2021

Statement of Responsibilities of the Members of the Corporation

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

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

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

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

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

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

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

Approved by order of the members of the Corporation on 7th December 2021 and signed on its behalf by



.....
Paul Quigley
Chair of City of Portsmouth College

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF CITY OF PORTSMOUTH COLLEGE**Opinion**

We have audited the financial statements of Portsmouth College (the "College") for the year ended 31 July 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in reserves, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2021 and of the College's deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Emphasis of Matter – non going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements. As described in note 1, the College governors pursued a merger that resulted in the transfer of Portsmouth College's trade, assets and liabilities to another entity and the dissolution of Portsmouth College. The merger formally occurred on 1 August 2021, and for this reason the financial statements have been drawn up on a basis other than that of a going concern.

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

Other information

The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information contained within the Report and Financial Statements. Our opinion on the financial statements does not cover the other information and 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 where the Post-16 Audit Code of Practice 2020 to 2021 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion: adequate accounting records have not been kept;

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

Responsibilities of the Corporation of City of Portsmouth College

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 22, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and

are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the College operates in and how the college are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Further and Higher Education SORP, the College Accounts Direction published by the Education and Skills Funding Agency, and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are those which are in relation to the Education Inspection Framework under the Education and Inspections Act 2006, Keeping Children Safe in Education under the Education Act 2002 and the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management and those charged with governance whether the college is in compliance with these law and regulations and inspected correspondence and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

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

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 21 September 2021. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP
Chartered Accountants
Highfield Court
Tollgate
Chandlers Ford
Hampshire
SO53 3TY
Date: 8 December 2021

Statement of Comprehensive Income and Expenditure

Year ended 31st July 2021

	Notes	Year ended 31 July 2021	2020
		£'000	£'000
INCOME			
Funding body grants	2	8,890	7,967
Tuition fees and education contracts	3	599	623
Other grants and contracts	4	91	76
Other income	5	219	323
Investment income	6	1	7
		9,800	8,996
EXPENDITURE			
Staff costs	7	7,582	6,599
Other operating expenses	8	2,390	2,091
Depreciation	11	528	555
Interest and other finance costs	9	79	83
		10,579	9,328
		(779)	(332)
(Deficit) before other gains and losses			
Loss on disposal of assets		(148)	(20)
		(927)	(352)
(Deficit) for the year			
Actuarial gain/(loss) in respect of pensions schemes		902	(1,403)
		(25)	(1,755)
Total Comprehensive Income for the year		(25)	(1,755)

Statement of Changes in Reserves

	Income and Expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Balance at 1st August 2019	636	2,150	2,786
Surplus/(deficit) from the income and expenditure account	(352)	-	(352)
Other comprehensive income	(1,403)	-	(1,403)
Transfers between revaluation and income and expenditure reserves	59	(59)	-
	<hr/>	<hr/>	<hr/>
	(1,696)	(59)	(1,755)
	<hr/>	<hr/>	<hr/>
Balance at 31st July 2020	(1,060)	2,091	1,031
Surplus/(deficit) from the income and expenditure account	(927)	-	(927)
Other comprehensive income	902		902
Transfers between revaluation and income and expenditure reserves	59	(59)	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	34	(59)	(25)
	<hr/>	<hr/>	<hr/>
Balance at 31st July 2021	(1,026)	2,032	1,006

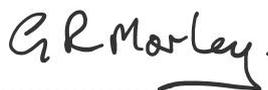
Balance Sheet as at 31 July

	Notes	2021 £'000	2020 £'000
Non-current assets			
Tangible fixed assets	11	<u>8,788</u>	<u>9,220</u>
		8,788	9,220
Current assets			
Stock		3	5
Trade and other receivables	13	444	464
Investments	14	500	911
Cash and cash equivalents	19	<u>1,265</u>	<u>1,032</u>
		2,212	2,412
Creditors – amounts falling due within one year	15	(1,730)	(1,594)
		<u>482</u>	<u>818</u>
Net current assets		<u>482</u>	<u>818</u>
Total assets less current liabilities		9,270	10,038
Creditors – amounts falling due after more than one year	16	(3,582)	(4,149)
Provisions			
Defined benefit obligations	18	(4,682)	(4,858)
Total net assets		<u><u>1,006</u></u>	<u><u>1,031</u></u>
Unrestricted reserves			
Income and expenditure account		(1,026)	(1,060)
Revaluation reserve		2,032	2,091
Total reserves		<u><u>1,006</u></u>	<u><u>1,031</u></u>

The financial statements on pages 26 to 49 were approved and authorised for issue by the Corporation on 7th December 2021 and were signed on its behalf on that day by:



.....
Paul Quigley
Chair of City of Portsmouth College
Date 7th December 2021



.....
Graham Morley
Accounting Officer for City of Portsmouth College
Date 7th December 2021

Statement of Cash Flows

	Notes	2021 £'000	2020 £'000
Cash flow from operating activities			
Surplus/(deficit) for the year		(927)	(352)
Adjustment for non-cash items			
Depreciation		528	555
(Increase)/decrease in stocks		2	2
(Increase)/decrease in debtors		20	66
Increase/(decrease) in creditors due within one year		322	2
Increase/(decrease) in creditors due after one year		(163)	(18)
Increase/(decrease) in provisions		-	-
Pensions costs less contributions payable		661	355
Adjustment for investing or financing activities			
Investment income		(1)	(7)
Interest payable		79	83
Loss on sale of fixed assets		148	-
Net cash flow from operating activities		<u>669</u>	<u>686</u>
Cash flows from investing activities			
Investment income		1	7
Proceeds from sale of fixed assets		-	-
Withdrawal of deposits		411	-
New deposits		-	(10)
Payments made to acquire fixed assets		<u>(245)</u>	<u>(395)</u>
		<u>167</u>	<u>(398)</u>
Cash flows from financing activities			
Interest paid		(14)	(23)
Repayments of amounts borrowed		(589)	(67)
Capital element of finance lease rental payments		-	-
		<u>(603)</u>	<u>(90)</u>
Increase / (decrease) in cash and cash equivalents in the year		233	198
Cash and cash equivalents at beginning of the year	19	1,032	834
Cash and cash equivalents at end of the year	19	1,265	1,032

Notes to the Accounts

1. Statement of accounting policies and estimation techniques

General information

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 2020 to 2021 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 under the historical cost convention as modified by the use of previous valuations as deemed cost at transition to FRS 102 for certain fixed assets.

The financial statements are presented in sterling which is also the functional currency of the College. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Basis of 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 31st July 2021.

Going concern

The accounts are prepared on the basis other than going concern as the College ceased to legally exist as from 1st August 2021.

The assets and liabilities of the College were transferred to City of Portsmouth College on 1st August 2021, the date of merger, at book values existing at that date.

In the year ended 31 July 2021, the College continued progression to merger, successfully concluding the activities regarding public consultations, legals and the passing of final dissolution resolution by the Corporation.

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

Notes to the Accounts (continued)

Recognition of income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

Levy-funded and ESFA funding for co-investment model apprenticeships income is measured in line with best estimates of the provision delivered in the year.

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

Capital grant funding

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

Fee income

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors, for example employers. Other income is also recognised on this basis.

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.

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.

Notes to the Accounts (continued)

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 Accounting for post-employment benefits as an expense in the income statement in the periods during which services are rendered by employees. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Hampshire 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 actuarial gains and losses.

Short term employment benefits

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

Tangible fixed assets

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

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

a. Land and buildings

Freehold land is not depreciated as it is considered to have an infinite useful life. Freehold buildings are depreciated over their expected useful economic life to the College of between 25 and 50 years and any improvements made are depreciated over the remaining life of the building that was improved.

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the 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 income and expenditure account.

On adoption of FRS102, the College followed the transitional provision to retain the book value of land and buildings, which were valued at incorporation in April 1993, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Notes to the Accounts (continued)

Tangible fixed assets (continued)

b. Assets under construction

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

c. Subsequent expenditure on existing fixed assets

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

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

d. Equipment

Equipment costing less than £750 per individual item is written off to the Statement of Comprehensive Income in the year of acquisition apart from where sets of similar items are purchased together when the grouped items are capitalised and depreciated as a single asset. All other equipment is capitalised at cost.

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

Motor vehicles and general equipment	20% per annum
Furniture and long life equipment (acquired after 01/08/2017)	10% per annum
Computer equipment	20% per annum
Tablet computers	33.3% per annum

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

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term. The College has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1st August 2014.

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.

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

Other investments

Current investments include bank deposits with notice period or maturity periods in excess of 90 days.

Notes to the Accounts (continued)

Inventories

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

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

Foreign currency translation

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

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 sections 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 receives no similar exemption in respect of Value Added Tax. The College is unable to recover input VAT it suffers on goods and services purchased. Non-pay expenditure, including the cost of tangible fixed assets, is therefore shown inclusive of VAT.

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.

Notes to the Accounts (continued)*Provisions and contingent liabilities (continued)*

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 College's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation 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 24, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2021. 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.

Notes to the Accounts (continued)

2 Funding body grants

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Recurrent grants		
Education and Skills Funding Agency - adult	701	707
Education and Skills Funding Agency – 16 -18	7,032	6,381
Education and Skills Funding Agency - apprenticeships	471	484
Specific Grants		
Education and Skills Funding Agency - Non-recurrent grants	494	225
Releases of government capital grants	192	170
Total	8,890	7,967

Non-recurrent grants includes £35,190 of Covid mass testing funding.

3 Tuition fees and education contracts

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Adult education fees	127	105
Apprenticeship fees and contracts	61	50
Fees for FE loan supported courses	63	82
International students' fees	77	71
Total tuition fees	328	308
Education contracts	271	315
Total	599	623

4 Other grants and contracts

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
UK-based charities	-	-
Other grants and contracts	63	43
Coronavirus Job Retention Scheme grant	28	33
Total	91	76

The corporation furloughed roles including invigilators, tutors (for paid courses) and some support staff under the government's Coronavirus Job Retention Scheme. The funding received of £27,739 relates to staff costs which are included within the staff costs note below as appropriate.

Notes to the Accounts (continued)**5 Other income**

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Catering and residences	116	210
Other income generating activities	69	62
Non-government capital grants	20	22
Miscellaneous income	14	29
	<hr/>	<hr/>
Total	219	323
	<hr/> <hr/>	<hr/> <hr/>

6 Investment income

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Other interest receivable	1	7
	<hr/>	<hr/>
Total	1	7
	<hr/> <hr/>	<hr/> <hr/>

7 Staff costs - Group and College

The average number of persons (including key management personnel) employed by the College during the year, described on an average headcount basis, was:

	2021 No.	2020 No.
Teaching staff	163	132
Non-teaching staff	196	163
	<hr/>	<hr/>
	359	295
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Accounts (continued)**Staff costs for persons on previous page:**

	2021	2020
	£'000	£'000
Wages and salaries	5,401	4,904
Social security costs	375	326
Other pension costs	1,769	1,258
	<hr/>	<hr/>
Payroll sub total	7,545	6,488
Contracted out staffing services	37	111
	<hr/>	<hr/>
	<u>7,582</u>	<u>6,599</u>

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 Senior Officers which comprises the Principal, Deputy, Vice Principals and Finance Director.

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

	2021	2020
	No.	No.
The number of key management personnel including the Accounting Officer was:	6	6
	<hr/>	<hr/>

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

	Key management personnel		Other staff	
	2021	2020	2021	2020
	No.	No.	No.	No.
£50,001 to £55,000	1	1	-	-
£55,001 to £60,000	3	3	-	-
£60,001 to £65,000	1	1	-	-
£90,001 to £95,000	-	1	-	-
£95,001 to £100,000	1	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	6	6	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Notes to the Accounts (continued)

Key management personnel compensation is made up as follows:

	2021 £'000	2020 £'000
Salaries	391	376
Employers National Insurance	47	45
Benefits in kind	-	-
	<u>438</u>	<u>421</u>
Pension contributions	<u>89</u>	<u>78</u>
Total key management personnel compensation	<u>527</u>	<u>499</u>

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

	2021 £'000	2020 £'000
Salaries	99	94
Benefits in kind	-	-
	<u>99</u>	<u>94</u>
Pension contributions	<u>23</u>	<u>22</u>

The remuneration package of Key management staff, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance.

The Principal and Chief Executive reports to the Chair of Governing Council, who undertakes an annual review of his performance against the college's overall objectives using both qualitative and quantitative measures of performance.

	2021 £'000	2020 £'000
Principal's basic salary as a multiple of the median of all staff	4.9	4.3
Principal and CEO's total remuneration as a multiple of the median of all staff	4.9	4.3

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

Compensation for loss of office paid to former staff

	2021 £'000	2020 £'000
Compensation paid to former post-holder	2	-
Total	2	-

All severance payments were approved by members of the Corporation.

Governors' remuneration

The members of the Corporation other than the Accounting Officer and senior staff did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties. Expenses reimbursed to senior staff amounted to £148 for the financial year ended 31 July 2021.

Notes to the Accounts (continued)**8 Other operating expenses**

	Year ended 31 July 2021 £'000	Year ended 31 July 2020 £'000
Teaching costs	593	587
Non-teaching costs	1,382	1,185
Premises costs	415	319
Total	2,390	2,091

Other operating expenses include:

	2021 £'000	2020 £'000
Auditors' remuneration:		
-Financial statements audit	28	18
-Internal audit	14	10
-Other services provided by the Financial Statement's auditors	2	3
Losses on disposal of non-current assets	-	-
Hire of assets under operating leases	-	-

9 Interest payable

	2021 £'000	2020 £'000
On bank loans, overdrafts and other loans:	14	23
	14	23
On finance leases	-	-
Net interest on defined pension liability (note 24)	65	60
Total	79	83

10 Taxation

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

Notes to the Accounts (continued)**11 Tangible fixed assets**

	Land and buildings	Equipment	Assets in Course of Construction	Total
	Freehold £'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2020	13,280	1,089	148	14,517
Additions	29	216	-	245
Disposals	-	-	(148)	(148)
At 31 July 2021	13,309	1,305	-	14,614
Depreciation				
At 1 August 2020	4,609	689	-	5,298
Charge for the year	353	175	-	528
Elimination in respect of disposals	-	-	-	-
At 31 July 2021	4,962	864	-	5,826
Net book value at 31 July 2021	8,347	441	-	8,788
Net book value at 31 July 2020	8,672	400	148	9,220

All inherited tangible fixed assets were valued at 11th April 1993 at depreciated replacement cost by a firm of independent valuers and surveyors.

If inherited land and buildings had not been revalued before being deemed as cost on transition they would have been included at the following amounts:

	£'000
Cost	Nil
Aggregate depreciation based on cost	Nil
Net book value based on cost	Nil

12 Non-current investments

The College has a 100% interest in Portsmouth College, a company limited by guarantee with a maximum guarantee of £2, which is incorporated in England and Wales and is regulated by Companies House. The company has not traded since incorporation. Senior officers of the College, including the Accounting Officer, hold all directorship and company secretary positions. There is no intention for the company to commence trading.

13 Trade and other receivables

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Trade receivables	129	89
Prepayments and accrued income	232	243
Amounts owed by the Education & Skills Funding Agency	76	77
Other debtors	7	55
Total	444	464

Prepayments and accrued income of £232k includes £11k relating to the period 01 August 2022 – 13 August 2023 for a software maintenance contract purchased upfront.

Notes to the Accounts (continued)**14 Current investments**

	2021 £'000	2020 £'000
Short term deposits	500	911
Total	500	911

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority with more than three months maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

15 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Bank loans and overdrafts	49	234
Trade payables	2	145
Other taxation and social security	234	206
Accruals and deferred income	773	437
Deferred income - government capital grants	211	192
Amounts owed to the ESFA	50	-
Payments received in advance	411	380
Total	1,730	1,594

16 Creditors: amounts falling due after one year

	2021 £'000	2020 £'000
Bank loans	123	527
Deferred income - government capital grants	3,411	3,566
Deferred income - lease premium	48	56
Total	3,582	4,149

17 Maturity of debt**(a) Bank loans and overdrafts**

Bank loans and overdrafts are repayable as follows:

	2021 £'000	2020 £'000
In one year or less	49	234
Between one and two years	49	87
Between two and five years	65	350
In five years or more	9	90
Total	172	761

Notes to the Accounts (continued)

Prior to the year end and merger date commercial loans totalling £500,233 were repaid on 30th July 2021.

Loans include £116,743 owed to the Education & Skills Funding Agency following a successful application to their Condition Improvement Fund at an annual rate of 1.97%, repayable over 3 years and £55,500 owed to SALIX interest free repayable over 5 more years. These loans are repayable in equal instalments.

(b) Finance leases

There were no finance leases in the last 24 months.

18 Provisions

	Defined benefit Obligations £'000	Total £'000
At 1 August 2020	(4,858)	(4,858)
Expenditure in the period	176	176
At 31 July 2021	<u>(4,682)</u>	<u>(4,682)</u>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in note 24.

19 Cash and cash equivalents

	At 1 August 2020 £'000	Cash flows £'000	Other changes £'000	At 31 July 2021 £'000
Cash and cash equivalents	1,032	233	-	1,265
Overdrafts	-	-	-	-
Total	<u>1,032</u>	<u>233</u>	<u>-</u>	<u>1,265</u>

20 Capital commitments

	2021 £'000	2020 £'000
Commitments contracted for at 31 July	<u>149</u>	<u>-</u>

Notes to the Accounts (continued)

21 Lease Obligations

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

	2021 £'000	2020 £'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	-	-
Later than one year and not later than five years	-	-
later than five years	-	-
Total	<u>-</u>	<u>-</u>

The College granted a lease to Goals Soccer Centres Plc in 2010 for 50 years at a current annual rent of £55,262 which is reviewed every 5 years linked to RPI. A pre-lease agreement required Goals Soccer Centres Plc to build a soccer centre on the College land which they now maintain under the terms of the lease. The College, along with other local education providers, are able to use the facility without charge during the normal college day as part of a town planning S106 agreement.

22 Contingent liabilities

There are no significant matters warranting financial provision in these accounts.

23 Events after the reporting period

On 1st August 2021, the College formally dissolved as a legal entity through a merger with Highbury College. As of 1st August 2021, all assets and liabilities of Portsmouth College transferred to City of Portsmouth College.

The former accounting officer, Simon Barrable, confirmed that there were no instances of material irregularity, impropriety, or funding non-compliance up to July 2021.

24 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 Hampshire Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hampshire County Council. Both are multi-employer defined benefit schemes.

Total pension cost for the year	2021 £'000	2020 £'000
Teachers' Pension Scheme: contributions paid	690	604
Local Government Pension Scheme:		
Contributions paid	418	299
FRS 102 (28) charge	661	355
Past service cost	-	-
Charge to the Statement of Comprehensive Income	<u>1,079</u>	<u>654</u>
Enhanced pension charge to Statement of Comprehensive Income	-	-
Total Pension Cost for Year	<u>1,769</u>	<u>1,258</u>

Notes to the Accounts (continued)

Total Pension Cost for Year within staff costs

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and the LGPS 31 March 2019. Contributions amounting to £23,000 (2020 £48,000) were payable to the Schemes at 31st July and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including colleges. Membership is automatic for full-time teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

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

FRS 102 (28)

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

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

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

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

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

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

The pension costs paid to TPS in the year amounted to £690,000 (2020: £604,000).

Notes to the Accounts (continued)

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Hampshire County Council. The total contribution made for the year ended 31 July 2020 was £541,000, of which employer's contributions totalled £422,000 and employees' contributions totalled £119,000. The agreed contribution rates for the 2020/21 fiscal year were 21.6% and 2021/22 21.6% for employers to cover current benefits being accrued plus a fixed contribution to cover past service deficit (£23,000 in the 2020/21 fiscal year and £23,000 in 2022/22). Contribution bands ranged from 5.5% to 12.5% for employees during the year depending on their level of annual salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2021 by a qualified independent actuary

	At 31 July 2021	At 31 July 2020
Rate of increase in salaries	3.60%	3.20%
Future pension increases	2.60%	2.20%
Discount rate for scheme liabilities	1.70%	1.40%
Inflation assumption (CPI)	2.60%	2.20%
Commutation of pensions to lump sums	1.00%	1.90%

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

	At 31 July 2021	At 31 July 2020
	years	Years
<i>Retiring today</i>		
Males	23.10	23.00
Females	25.50	25.50
<i>Retiring in 20 years</i>		
Males	24.80	24.70
Females	27.30	27.20

Notes to the Accounts (continued)**24 Defined benefit obligations (continued)****Local Government Pension Scheme (Continued)**

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

	Fair Value at 31 July 2021	Fair Value at 31 July 2020
	£'000	£'000
Equities	4,549	3,429
Bonds	1,343	1,296
Property	487	380
Cash	79	100
Other	1,398	1,029
Total fair value of assets	7,856	6,234
Actual return on plan assets	1,133	390

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

	2021 £'000	2020 £'000
Fair value of plan assets	7,856	6,234
Present value of plan liabilities	(12,538)	(11,092)
[Present value of unfunded liabilities]	-	-
Net pensions (liability)/asset (Note 18)	(4,682)	(4,858)

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

	2021 £'000	2020 £'000
Amounts included in staff costs		
Current service cost	1,114	693
Past service cost	-	-
Total	1,114	693

Amounts included in investment income

Net interest income	65	60
	65	60

Amounts recognised in Other Comprehensive Income

Return on pension plan assets	1,042	270
Experience losses arising on defined benefit obligations	(140)	(1,673)
Amount recognised in Other Comprehensive Income	902	(1,403)

Notes to the Accounts (continued)**24 Defined benefit obligations (continued)****Local Government Pension Scheme (Continued)****Movement in net defined benefit (liability)/asset during the year)**

	2021	2020
	£'000	£'000
Surplus/(deficit) in scheme at 1 August	(4,858)	(3,040)
Movement in year:		
Current service cost	(1,114)	(693)
Employer contributions	453	338
Past service cost	-	-
Net interest on the defined (liability)/asset	(65)	(60)
Actuarial gain or loss	902	(1,403)
Net defined benefit (liability)/asset at 31 July	<u>(4,682)</u>	<u>(4,858)</u>

Asset and Liability Reconciliation

	2021	2020
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	11,092	8,600
Current Service cost	1,114	693
Interest cost	156	180
Contributions by Scheme participants	122	98
Experience gains and losses on defined benefit obligations	140	1,673
Estimated benefits paid	(86)	(152)
Past Service cost	-	-
Defined benefit obligations at end of period	<u>12,538</u>	<u>11,092</u>

Reconciliation of Assets

Fair value of plan assets at start of period	6,234	5,560
Interest on plan assets	91	120
Return on plan assets	1,042	270
Employer contributions	453	338
Contributions by Scheme participants	122	98
Estimated benefits paid	(86)	(152)
Fair value of plan assets at end of period	<u>7,856</u>	<u>6,234</u>

Notes to the Accounts (continued)

25 Related party transactions

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

The total expenses paid to or on behalf of the Governors during the year was £Nil (2019/20 £Nil).

Unloc Learning Limited, a company limited by guarantee over which Mr H. Taylor, a member of the board of governors since June 2016, has significant influence or control, provided student educational services to the College. Transactions took place totalling £30,918 (2019/20 - £29,414). There were no amounts outstanding.

Soccer Scholar Academy Limited, a company limited by guarantee over which Mr T. Lloyd, a senior officer promoted to Vice Principal in September 2019, has significant influence or control. Transactions took place totalling £77,509, (2019/20 £78,008).

Key management personnel compensation disclosure is detailed in note 7.

26 Amounts disbursed as agent

Learner support funds

	2021	2020
	£'000	£'000
Funding body grants – 16-18 bursary support and free college meals	239	324
Funding body grants – Advanced learner loans bursary	9	16
Funding body grants – bursary funds brought forward	176	99
	<hr/>	<hr/>
	424	439
Disbursed to students	(296)	(260)
Administration costs	-	(3)
	<hr/>	<hr/>
Balance unspent as at 31 July, included in creditors	<u>128</u>	<u>176</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.

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

We have carried out an engagement, in accordance with the terms of our engagement letter dated 21 September 2021 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA") or any other public funder, to obtain limited assurance about whether the expenditure disbursed and income received by Portsmouth College during the period 1 August 2020 to 31 July 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2020 to 31 July 2021 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the 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 (ILR) data returns, for which the ESFA has other assurance arrangements in place.

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

Responsibilities of Corporation of City of Portsmouth College for regularity

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

Reporting accountant's responsibilities for reporting on regularity

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

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

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2020 to 31 July 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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

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

Use of our report

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

RSM UK Audit LLP

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8th December 2021