



Wakefield College Report and Financial Statements for the Year Ended 31 July 2014



CONTENTS

Operating and Financial review	2-14
Highlights of the Year	2
Financial Headlines	2
Nature, Objectives and Strategy	2
Financial Position	6
Current and Future Developments and Performance	7
Disclosure of Information to Auditors	14
Professional Advisors	15
Statement of Corporate Governance and Internal Control	16
Members who served the Corporation since 1 August 2013	17
Statement of the Responsibilities of the Members of the Corporation	24
Independent Auditor's Report to the Corporation of Wakefield College	26
Independent Auditor's Report on Regularity to the Corporation of Wakefield College and the Chief Executive of Skills Funding	28
Income and Expenditure Account	30
Statement of Historical Cost Surpluses and Deficits	31
Statement of Total Recognised Gains and Losses	31
Balance Sheet	32
Cash Flow Statement	33
Notes to the Financial Statements for the period 1 August 2013 to July 2014	34-59

OPERATING AND FINANCIAL REVIEW

HIGHLIGHTS OF THE YEAR

- Graded “Good” for overall effectiveness by Ofsted in February 2014;
- A Level pass rate over 95% for 10th year running;
- Best ever AS Level results;
- Students rated Wakefield College as one of the top providers of higher education in the region;
- Major refurbishment undertaken of main teaching block at the City Campus.
- Establishment of construction provision at Lightwaves centre;
- Post 16 provision commenced at Crofton Academy offering both A level routes and vocational qualifications of excellence;
- Children’s University, which now boasts over 3,000 members, shortlisted for a Times Educational Supplement (TES) National Award for Contribution to the Local Community;
- Additional funding secured for High Needs Students after national appeal
- 9% growth in 16-18 apprenticeship starts;
- Wakefield College Community Day sees 500 staff involved in community projects across the District, making a real difference to a wide variety of local organisations.

FINANCIAL HEADLINES

- Increase in income of 6.7%;
- Increase in expenditure of 6.4%;
- 71.9% of income spent on staffing (including re-structuring costs);
- £1.1m (5.8% of total staffing budget) spent on contracted out staffing services;
- Operating deficit of £941,000;
- Property development costs of £992,000;
- Historical cost deficit of £293,000.

NATURE, OBJECTIVES AND STRATEGY

The members present their report and the audited financial statements for the year ended 31 July 2014.

Legal Status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Wakefield College. The College is an exempt charity for the purposes of the Charities Act 2011 and from 1 September 2013, is regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all FE Corporations in England.

Mission

The College's Mission for the year under review was:

"Transforming lives through learning....

....by enabling young people, adults and employers to fulfil their potential"

Public Benefit

The members of the Governing Body, who are trustees of the charity, are disclosed on page 17. 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. The delivery of public benefit is covered throughout the Operating and Financial Review.

Implementation of Strategic Plan

In July 2012 the Corporation formally approved the College's Strategic Plan for the period 1 August 2012 to 31 July 2015. The Corporation monitors performance against these plans which are reviewed and updated each year. The College's continuing strategic objectives are to:

- Be known as the leading post-16 provider of high quality teaching and learning in the Wakefield District;
- Become highly regarded by our communities;
- Connect with the Wakefield District in order to raise aspirations particularly in deprived areas;
- Be the major contributor to meeting the skills needs identified by the Wakefield District's employers; and
- Secure the College's long-term financial health in order to invest back into the Wakefield District.

Progress against the objectives set out in the plan for 2013/14 has been excellent with the vast majority of objectives met.

Key objectives achieved include:

- Assessment of teaching and learning endorsed by Ofsted who agreed that our lesson observation process is leading to improvements
- High and increasing levels of student satisfaction with teaching and learning
- Further embedding of Active Schemes and Learning Coaches
- AS Recovery Plan led to improvements in teaching and learning
- Increasing student numbers
- Very positive feedback from first Crofton cohort
- Achievement and Resource Centres fully functioning
- New marking policy implemented
- New English and Maths strategy implemented
- Extra workshops supporting student achievement
- Key elements of the property strategy completed with minimal disruption to students including Radcliffe refurbishment, new Science laboratories, Crofton new-build, Lightwaves now includes construction provision
- Seamless introduction of new student records system
- Main allocations achieved and exceeded
- Improved staff utilisation
- Increased full-cost income
- Children's University continues to thrive
- More provision in accessible places
- Major contribution to reduced NEET figures
- Good results in Routes to Employment and Sector Based Work Academies
- Secured Teesside University as new higher education validating partner

Financial Objectives

Key financial targets for the College are set each year as part of the strategic planning process. In July 2013 the following targets were defined to ensure sound financial health:

- (i) **To quantify more accurately the resources required to deliver the first two years (2013 – 2015) of the College's revised property strategy**

Governors approved an updated property strategy in July 2014 that demonstrated that the key elements for the period to 2015/16 were affordable, subject to external funding being received in respect of one scheme.

(ii) Staffing costs not to exceed 70% of income

The staffing costs for the year under review excluding restructuring costs were 71.9% of income (71.4% excluding restructuring costs of £128,000) (2012/13 – 72.9% and 72.6% excluding restructuring costs of £92,000).

(iii) To retain at least 'good' financial health

Using the Skills Funding Agency criteria the College's financial health was 'good' for the year under review.

(iv) To work towards achieving an 'other income' target of greater than 20%

In 2013/14, 19.7% of income came from sources other than the funding bodies (2012/13 – 20.7%).

(v) To continue to work towards the Treasury's target of making 95% of payments to suppliers within 30 days

The College paid 95.0% of its invoices within 30 days (2012/13 – 95.4%).

(vi) Trade debtor days (excluding funding body payments) will not exceed 35 days by the end of 2013/14

Debtor days averaged 17 days during the year under review (2012/13 – 21 days).

Performance Indicators

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Skills Funding Agency. The Finance Record produces a financial health grading. The current rating of Good is considered an appropriate assessment.

FINANCIAL POSITION

Financial Results

The College produced an operating deficit in the year of £941,000 (2012/13 - operating deficit of £947,000).

The historical cost deficit for the period was £293,000 (2012/13: £300,000 deficit).

It should be noted that the result reported is after property related expenditure of £994,000 (2012/13 £650,000) which relates to other refurbishment works required at the Wakefield City Campus to support the College's property strategy.

The College's reserves at 31 July 2014 (excluding the revaluation reserve, the FRS17 pension reserve and restricted reserves) stood at £32,383,000 (31 July 2013: £32,428,000).

Tangible fixed asset additions during the year amounted to £4,863,000 (2012/13 £3,365,000).

The College relies significantly on the education sector funding bodies as its principal funding source, largely from recurrent grants. In 2013/14 the funding bodies provided 80.3% of the College's total income (2012/13: 79.3%).

Treasury Management

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.

Wakefield College has a separate treasury management policy in place.

The College generated £81,000 (2012/13: £143,000) from the management of its cash balances.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. Such arrangements are restricted by limits in the College's Financial Memorandum agreed with the Skills Funding Agency. All other

borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

A key focus of treasury management activity for the College is to ensure that resources are in place to support the property strategy.

Cash Flows

There was a net cash inflow on operating activities of £1,699,000 during 2013/14 (2012/13: £71,000 cash outflow).

The College's cash balances (including invested amounts) stood at £6,014,000 (31 July 2013: £7,240,000). The College therefore has a reasonable base from which to consider its options for future investment.

CURRENT AND FUTURE DEVELOPMENTS AND PERFORMANCE

Student Numbers

In 2013/14 the College delivered activity that produced £19,654,000 in funding body main allocation from the Education Funding Agency and Skills Funding Agency (2012/13 - £19,005,000). Total student numbers in year were 11,049, this includes learners funded by our main funding bodies in addition to learners funded from other sources (2012/13 – 10,741).

Student achievements

The majority of 16-18 enrolments were on Level 2 and 3 provision where success rates increased substantially in 2013-14, primarily as a result of improved enrolment advice, progress tracking and monitoring and enhanced teaching and learning. At Level 1, success rates declined significantly due to a fall in retention.

For adults, success rates declined at Level 1 due to lower achievement and also declined slightly at Level 3 where achievement also fell. At Level 2, success rates rose significantly due to increased achievement.

Timely success rates on Apprenticeship provision reversed the decline experienced in 2012-13 and achieved national average rates. Overall Apprenticeship success rates were above national averages. Retention of students on Higher Education courses improved but there was a small decline in achievement.

Curriculum Developments

The College offers a wide range of academic and vocational provision, which is responsive to local and regional needs. With a focus on continuous improvement the following matters are worthy of note:

General

- A2 pass rate up by 2 percentage points to just below national average.
- AS pass rate up by 11 percentage points and 3 percentage points above national average.
- 1,602 enrolments onto short courses focused on preparing people for work.

Performing Arts and Music

- Another festival played to full houses, presented by students on acting, dance and musical theatre courses in the Mechanics' Theatre.

Higher Education

- As part of the College's strategy to grow its Higher Education provision, 13 Foundation Degree and Top-up Degree courses were successfully validated by Teesside University, including new courses in Independent Game Design and Health and Well Being.
- The College's ambitions to create a University Centre in Wakefield were boosted by a successful bid for funding to support an Advanced Skills and Innovation Centre on the College's City Campus.

Science and Engineering

- Student numbers grew significantly in Engineering and Motor Vehicle, buoyed by increased recruitment of apprentices and the College's strong links with employers.
- Interest in the College's Applied Science provision also grew, and students completing the Extended Diploma achieved tremendous results, with almost half gaining the highest triple Distinction* grades.

Hospitality, Catering, Horticulture, Animal Care

- Progression was offered to our level 1 Horticulture students who successfully progressed to level 2 Horticulture within a live commercial environment.
- Hospitality & Catering students experienced successful work placements throughout a number of European countries with a number of students receiving job opportunities.

Construction, Building Services and Management

- Construction established themselves at Lightwaves and successfully completed a number of live refurbishment projects.

Sport

- Our Athlete Development Programme continues to lead to scholarships with national clubs and our individual athletes have represented England or GB in numerous different sports.
- We saw the successful introduction of a level 2 PE programme which offered work placements within schools and PE coaching qualifications.

Business and IT

- A number of Level 1 courses and tailored workshops are proving very successful in responding to the needs of local employers and unemployed people.

Hair and Beauty

- A number of students reached the World Skills National Finals and the College hosted the World Skills regional finals for the fourth year running.

Foundation Learning

- Joint curriculum developed with Highfield School - 'Highfield Bridge' - to secure progression for students who are not ready for full-time College.
- Supported Employment programme developed for High Needs Students.
- Pre-entry level provision for students with Severe Learning Difficulties expanded.
- vInspired project successfully completed.

English and Maths

- Ofsted Grade 2 'Good' rating achieved in Foundation English in 13/14 inspection.
- External funding secured to support recruitment of maths graduates into teaching.
- Continuation of preferred-provider relationship with Job Centre Plus for Skills for Life provision.
- Expansion of full-time ESOL provision for young people for whom English is not their first language.
- Implemented English and Maths strategy.

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 financial year under review the College paid 95.0% of its invoices within 30 days (2012/13– 95.4%). The College incurred no interest charges in respect of late payment for this period.

Future Developments

The College has agreed total funding body income of £21.3m for the 2014/15 financial year. This includes funding from the Higher Education Council for England which has been confirmed at £402,000 for the same period.

Participation levels for funding body activity are expected to remain strong despite reductions in the overall cohort across the District.

The College is working hard to build relationships with local schools and with local employers to ensure that it is at the heart of the education, training and skills agenda. In this context the provision of opportunities for apprenticeships features very highly as does a range of other employer engagement activities. As part of the estate rationalisation and redevelopment the College is considering possible financing options and their affordability for future development.

The further education sector faces continuing uncertainty over the period covered by the College's strategic plan, particularly in relation to funding and the impact of government policy. The College is responding positively to these challenges and in considering the strategies to be employed in addressing them, members have no concerns about the College's continued ability to be a successful provider of learning to its communities, nor about its ability to resource adequately its activities. The College has a reasonable level of reserves, and so has a solid platform from which to continue its success.

In addition to the risk management arrangements outlined elsewhere in this review, and the robust approach taken to risk management, arrangements are in place to monitor closely the performance of its operations, and the College has a constant focus on growing income, controlling costs and achieving efficiencies to ensure that resources can be re-invested in core activities.

Resources

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

- Tangible resources include the College campuses at Thornes Park, Castleford and Wakefield City Centre.
- The College has £55.3m of tangible assets.
- Full time equivalent staff paid in year amounted to 524, of which 376 were teaching related.
- The College enjoys a high profile and good reputation within Wakefield and beyond.

Principal risks and uncertainties

The College's ability to achieve its vision and strategic objectives will be affected by its capacity to mitigate the risks and uncertainties that it faces. The College has well-established systems of internal control, including financial, operational and risk management which are designed to protect the College's assets and reputation. The key elements of the College's risk management framework are identified in the Statement of Corporate Governance and Internal Control on page 16.

The College's risk environment is monitored regularly by College managers, the Principalship and Governors to ensure that any emerging risks are identified, prioritised and mitigated and opportunities are maximised. The broad categories of risk facing the College are outlined below. Not all of these factors are within the College's control.

- The increasingly competitive environment for recruitment of 16-18 year olds, HE students and for the delivery of training to employers.
- The impact of government policy on various aspects of our operations and our funding, e.g. qualification reforms, Adult Learning Loans, apprenticeship reforms, and changes to funding arrangements for high needs learners.
- The extent to which the College can attract and retain high calibre skilled people to drive continuous improvement.
- The ability of the College to finance its estate renewal programme.
- The ability of managers to control costs in a difficult economic environment.

Our response to the risks has been:

- to expand collaborative provision and invest in state of the art facilities;
- to develop strategies to ensure students are retained and remain engaged with all aspects of their courses;
- to review curriculum footprints and refresh the curriculum; and
- to invest in the development of our staff and ensure that a variety of means are used to gain their commitment to the College's vision, mission and values.

Relationship with our partners, stakeholders and communities

In common with other colleges and universities, Wakefield College contributes to and benefits from a broad range of important relationships. These include those with:

- students;
- parents or carers of students;
- staff;
- education sector funding bodies;
- local employers;
- local authorities;
- local and regional partnerships;
- the local community;
- other FE institutions, local schools and universities;
- trade unions; and
- professional bodies.

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

Equality and Diversity and Employment of Disabled Persons

Wakefield 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, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. The College's Single Equality Scheme is published on the

College's website and is monitored regularly.

The College considers all job applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which are, as far as possible, identical to those for other employees.

Disability Statement

The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Acts 2001 and 2005.

- 98% of our facilities are accessible for people with disabilities and we strive to ensure all that is reasonably practicable is done to ensure access to people with disabilities.
- There is a register of specialist equipment which the College can make available for use by students with disabilities.

The College has made a significant investment in the appointment of specialist staff to support students with learning difficulties and/or disabilities. There is a number of learning support workers who 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.

- Specialist programmes are described in programme information guides, and achievements and destinations are recorded and published in the standard College format.
- The College's 'Adaptations of Materials' service can provide information/course materials in alternative media – for example Braille, enlarged text, etc.
- The College has signed up to the Ambitious about Autism Charter.

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 9 December 2014 and signed on its behalf by:

Kevin Henry



Chair of Corporation

PROFESSIONAL ADVISORS

Financial Statements and

Regularity auditor:

Grant Thornton UK LLP
2 Broadfield Court
Sheffield
S8 0XF

Internal auditors:

Baker Tilly Business Services
Limited
2 Wellington Place
Leeds
LS1 4AP

Solicitors:

Eversheds
Cloth Hall Court
Infirmary Street
Leeds
LS1 2JB

Insurance Brokers:

Marsh Ltd
1 Whitehall
Whitehall Road
Leeds
LS1 4HR

Bankers:

Close Brothers Ltd
10 Crown Place
London
EC2A 4FT

Bank of Scotland
33 Old Broad Street
London
BX2 1LB

Lloyds Bank plc
2nd Floor
Lisbon House
116 Wellington Street
Leeds
LS1 4LT

Santander UK plc
Bootle
Merseyside
L30 4GB

Barclays Bank plc
1 Churchill Place
London
E14 5HP

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure.

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. in full accordance with the guidance to colleges from the Association of Colleges in The English Colleges' Foundation Code of Governance ("the Foundation Code"); and
- iii. having due regard to the UK Corporate Governance Code ("the Code") insofar as it is applicable to the further education sector.

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

In the opinion of the Governors, the College complies with all the provisions of the Foundation Code, and it has complied throughout the year ended 31 July 2014. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The English Colleges' Foundation Code of Governance issued by the Association of Colleges in December 2011, which it formally adopted in August 2012

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.

MEMBERS WHO SERVED THE CORPORATION SINCE 1 AUGUST 2013

The members who served on the Corporation during the year and up to the date of signature of this report were as listed below:

Name	Date of Appointment/ Re-appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served	Attendance (All Meetings) 2013/14
Nasim ASLAM	October 2010	4 years	October 2014	External	Search (Vice Chair)	6/9 (67%)
Heather BECKHAM	July 2011	4 years	-	Staff	Audit (from Apr 14)	8/8 (100%)
David CADDIES	January 2014	4 years	-	External		4/4 (100%)
Paul CAMPBELL (Vice Chair)	July 2009/ July 2013	4 years	-	External	Remuneration (Chair) Search (from Jul 14)	8/8 (100%)
Bethany-Mae CURLEY	October 2013	1 year	June 2014	Student	-	4/5 (80%)
Kevin HENRY (Chair)	July 2006/ July 2010/ July 2013	17 months	-	External	Remuneration Search (to Jul 14)	9/10 (90%)
Jason MALLOY	January 2014	4 years	-	External	Audit	5/6 (83%)
Andrew McCONNELL	October 2006/ October 2010/ October 2014	26 months	-	External	Audit Remuneration (Vice Chair) Search (from Nov 14)	10/11 (91%)
Shane O'DONNELL	December 2011	4 years	July 2014	Staff	-	5/6 (83%)
Cath ORANGE	April 2002/ April 2006/ April 2010	4 years	March 2014	External	Audit Remuneration	8/8 (100%)
Michele PHILLIPS	July 2008/ July 2012	4 years	-	External	Audit (Vice Chair)	5/10 (50%)
Ruth PICKFORD	November 2014	4 years	-	External	-	-
Camille TAYLOR-HALEY	November 2014	1 year	-	Student	-	-
Andy WALLHEAD	May 2011	4 years	-	External	Audit (Chair)	6/10 (60%)
Jane WALTON	October 2009/ October 2013	4 years	-	External	Search (Chair) Remuneration (from Jul 14)	9/9 (100%)
Andrew WATTS	November 2014	4 years	-	Staff	-	-
Shannon WOODHOUSE	October 2013	1 year	April 2014	Student	-	2/4 (50%)
Sam WRIGHT	March 2011	n/a	-	Principal	Search	9/9 (100%)

Nils Elgar acts as Clerk to the Corporation

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

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

The Corporation meets at least twice each term and some of its business is conducted through committees. Each committee has written terms of reference, which have been approved by the Corporation. These committees are Audit, Remuneration and Search. Decisions of these committees are formally reported to the Corporation. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at:

Wakefield College
Margaret Street
Wakefield
West Yorkshire
WF1 2DH

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 also provided on an ad hoc basis.

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

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

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search Committee, consisting of

four members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration except for the Accounting Officer and Staff/Student members. 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.

Audit Committee

The Audit Committee comprises four members of the Corporation.

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

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

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

The Audit Committee also advises the Corporation on the appointment of internal, regularity and financial statements auditors and their remuneration for both audit and non-audit work.

Remuneration Committee

The Remuneration Committee comprises four members. The Committee's responsibilities include determining on behalf of the Corporation the specific remuneration packages of the Accounting Officer and other senior postholders.

Details of remuneration for the year ended 31 July 2014 are set out in Note 8 to the financial statements.

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 she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between Wakefield College and the funding bodies. She 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 on-going 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 Wakefield College for the year ended 31 July 2014 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ended 31 July 2014 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The Internal Control and Risk Management Framework

The College encourages the taking of measured risk that may provide opportunities to meet one or more of its objectives. The internal control and risk management framework is designed to: integrate risk management into the culture of the College; raise awareness of the need for risk management; encourage a positive approach to risk taking; support improved decision-making, innovation and performance; and,

manage risk in accordance with best practice. The framework continues to evolve and enables the College to respond to a variety of strategic, operational, financial, commercial, regulatory and reputational risks. It provides assurances to successive levels of management and, ultimately, the Board. The key components of the risk and control framework include:

- clearly defined financial regulations and procedures including protocols for capital investment and other major developments;
- a strategic and financial planning and budgeting cycle involving staff at all levels of the College in the setting of objectives and actions and the allocation of resources;
- rigorous termly reviews of business areas to evaluate performance, assess areas of risk and opportunity and take appropriate action;
- a comprehensive anti-bribery policy, fraud policy and response plan, 'whistle-blowing' policy and disaster management and business continuity plan, which have been communicated to staff so that they are aware of the procedures for reporting significant risk issues and control failings to appropriate levels of management;
- continuing professional development and identification of personal objectives and operational tasks through annual appraisal, linked to the achievement of the College's strategic objectives and management of key risks;
- a College-wide approach to evaluating the quality of teaching, learning and assessment, and service areas including plans to address issues of poor performance;
- a high profile health and safety management system, led by the Accounting Officer which actively promotes the commitment to and development of good health and safety;
- a human resources and organisational development strategy designed to meet the needs of the College in achieving its objectives whilst responding to changes in legislation;
- estates management based on a property strategy formulated to meet the needs of the College and its community;
- integrated management information systems designed to provide accurate and timely data and analysis to management to support decisions and monitor progress towards policies, strategies and targets.

The Corporation ensures that its business calendar and agendas enable risk management and internal control to be considered on a regular basis during the year so that there is a full risk and control assessment before reporting on 31 July each year. This includes reports on the effectiveness of risk management by the Audit Committee and Principalship.

The College has an Internal Audit Service (IAS) which operates in accordance with the requirements of the EFA and SFA's Joint Audit Code of Practice and submits regular reports, which include their independent opinion on the adequacy and effectiveness of the system of internal control along with recommendations for improvement. The work of the internal audit service is informed by the College's analysis of risk, and annual internal audit plans are based on this analysis. The internal audit annual and strategic plans are approved by the Board. The Head of Internal Audit (HIA) provides the Governing Body with an annual report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of Effectiveness

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

- the work of the internal auditors;
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework;
- comments made by the College's financial statements auditors, the regularity auditors, the appointed funding auditors in their management letters and other reports;
- Health and Safety Committee; and
- College Self-Assessment Report.

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

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2014 meeting, the Corporation carried out the annual assessment for the

year ended 31 July 2014 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2014.

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".

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

The Corporation has considered its responsibility to notify the Skills Funding Agency of material irregularity, impropriety and non-compliance with Skills Funding Agency terms and conditions of funding, under the financial memorandum in place between the College and the Skills Funding Agency. As part of its consideration the Corporation has had due regard to the requirements of the financial memorandum.

We confirm, on behalf of the Corporation, that to the best of its knowledge, the Corporation believes it is able to identify any material irregular or improper use of funds by the College, or material non-compliance with the Skills Funding Agency's terms and conditions of funding under the College's financial memorandum. We further confirm that any instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the Skills Funding Agency.

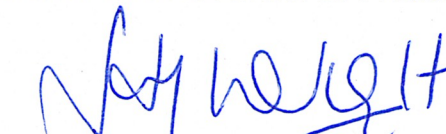
Going Concern

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

Approved by order of the members of the Corporation on 9 December 2014 and signed on its behalf:



K Henry
Chair of Corporation



S Wright
Accounting Officer

STATEMENT OF THE RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the Financial Memorandum between the Skills Funding Agency/Education Funding Agency and the Corporation of the College, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education and with the Accounts Direction for 2013/14 financial statements issued jointly by the Skills Funding Agency and the Education Funding Agency, and which give a true and fair view of the state of affairs of the College and the result for that year.

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

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

The Corporation is also required to prepare an Operating and Financial Review which describes what it is trying to do and how it is trying to achieve it, including the legal and administrative status of the College.

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

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

Approved by order of the members of the Corporation on 9 December 2014 and signed on its behalf by:



Kevin Henry

Chair of Corporation

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF WAKEFIELD COLLEGE AND THE CHIEF EXECUTIVE OF SKILLS FUNDING/EDUCATION FUNDING AGENCY

We have audited the financial statements of Wakefield College for the year ended 31 July 2014 which comprise the income and expenditure account, the statement of historical cost surpluses and deficits, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Corporation, as a body, in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Corporation and auditor

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 24, the College's Corporation is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2014 and of its deficit of income over expenditure for the year then ended in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions and the Accounts Direction for 2013 to 2014.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the College; or
- the College financial statements are not in agreement with the accounting records; or

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

W M W

GRANT THORNTON UK LLP
STATUTORY AUDITOR
CHARTERED ACCOUNTANTS
SHEFFIELD

Date 12 December 2014

INDEPENDENT AUDITOR'S REPORT ON REGULARITY TO THE CORPORATION OF WAKEFIELD COLLEGE (THE COLLEGE) AND THE CHIEF EXECUTIVE OF SKILLS FUNDING

This report is produced in accordance with the terms of our engagement letter dated 25 September 2014 for the purpose of reporting on the College's Statement of Regularity, Propriety and Compliance in respect of whether the transactions underlying the College's financial statements for the year ended 31 July 2014 are regular as defined by and in accordance with the Financial Memorandum with the Chief Executive of Skills Funding, in accordance with the authorities that govern them.

The regularity assurance framework that has been applied is set out in the Joint Audit Code of Practice and the Regularity Audit Framework published by the Skills Funding Agency and the Education Funding Agency.

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

Responsibilities of the Corporation of Wakefield College

The Corporation of the College is responsible under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that financial transactions are in accordance with the framework of authorities which govern them and that transactions underlying the financial statements for the year ended 31 July 2014 are regular.

The Corporation of the College is also responsible, under the requirements of the Accounts Direction 2013-14, published by the Skills Funding Agency and the Education Funding Agency, for the preparation of the Statement on Regularity, Propriety and Compliance. The Statement confirms that, to the best of its knowledge, the Corporation believes it is able to identify any material, irregular or improper use of funds by the College, or material non-compliance with the Skills Funding Agency's terms and conditions of funding under the College's financial memorandum. It further confirms that any instances of material irregularity, impropriety or funding non-compliance discovered in the year to 31 July 2014 have been notified to the Skills Funding Agency.

Auditor's responsibilities

Our responsibility is to express a reasonable assurance opinion in respect of whether the transactions underlying the College's financial statements for the year ended 31 July 2014 are in all material respects regular, based on the procedures that we have performed and the evidence we have obtained. Our reasonable assurance engagement was undertaken in accordance with the Joint Audit Code of Practice, the Regularity Audit Framework and our

engagement letter dated 25 September 2014. The International Standards on Auditing (UK and Ireland) and Joint Audit Code of Practice require that we plan and perform this engagement to obtain reasonable assurance in respect of the Assertion that the transactions underlying the financial statements are in all material respects regular.

Basis of opinion

We have performed procedures on a sample basis so as to obtain information and explanations which we consider necessary in order to provide us with sufficient appropriate evidence to express reasonable assurance that the College's Statement of Regularity, Propriety and Compliance is fairly stated in respect of whether the transactions underlying the College's financial statements are in all material respects regular for the year ended 31 July 2014.

Opinion

In our opinion the College's Statement of Regularity, Propriety and Compliance is fairly stated in respect of whether the transactions underlying the College's financial statements are in all material respects regular for the year ended 31 July 2014.

Le Ntn UK LL

GRANT THORNTON UK LLP
STATUTORY AUDITOR
CHARTERED ACCOUNTANTS
SHEFFIELD

Date *12 December 2014*

INCOME AND EXPENDITURE ACCOUNT

For the Period from 1 August 2013 to 31 July 2014

	Notes	2014 £000s	2013 £000s Restated
Income			
Funding body grants	2	20,781	19,934
Tuition fees and education contracts	3	4,065	3,224
Other grants and contracts	4	239	232
Other income	5	506	666
Endowment and investment income	6	260	180
Total income		25,851	24,236
Expenditure			
Staff costs	7	18,584	17,679
Other operating expenses	9	6,047	5,372
Depreciation	11	2,161	2,132
Total expenditure		26,792	25,183
Deficit for the year, before and after tax, within income and expenditure reserve		(941)	(947)

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

2013 income figures have been restated; overall income is unchanged but treatment of capital grant releases has been amended to reflect changes between funding body and other grants.

STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS

For the Period from 1 August 2013 to 31 July 2014

	Notes	2014 £000s	2013 £000s
Deficit on continuing operations before tax		(941)	(947)
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	20	648	647
Historical cost deficit for the period		(293)	(300)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the Period from 1 August 2013 to 31 July 2014

	Notes	2014 £000s	2013 £000s
Deficit on continuing operations after depreciation of assets at valuation and tax		(941)	(947)
Actuarial gain in respect of pension scheme	22	2,525	2,316
Unrealised surplus on revaluation of fixed assets	11, 20	1,022	-
Total recognised gain relating to the period		2,606	1,369
Reconciliation			
Opening reserves and endowments		39,391	38,022
Total recognised gain for the year		2,606	1,369
Closing reserves and endowments		41,997	39,391

BALANCE SHEET

	Notes	2014 £000s	2013 £000s
Fixed Assets			
Tangible assets	11	55,337	51,613
Endowment asset investments	19	42	42
Current Assets			
Debtors	13	574	677
Investments	12	4,360	6,110
Cash at bank and in hand	27	1,654	1,130
		6,588	7,917
Less: Creditors - amounts falling due within one year	14	(4,587)	(3,529)
Net current assets		2,001	4,388
Total assets less current liabilities		57,380	56,043
Less: Creditors - amounts falling due after more than one year	15	(154)	(244)
Less: Provisions for liabilities	17	(3,630)	(3,668)
Net assets excluding pension liability		53,596	52,131
Net pension liability	22	(6,183)	(8,460)
NET ASSETS INCLUDING PENSION LIABILITY		47,413	43,671
Deferred capital grants	18	5,416	4,280
Specific endowments	19	42	42
Reserves			
Income and expenditure account excluding pension reserve	21	32,383	32,428
Pension reserve	22	(6,183)	(8,460)
Income and expenditure account including pension reserve	21	26,200	23,968
Revaluation reserve	20	15,755	15,381
Total reserves		41,955	39,349
TOTAL FUNDS		47,413	43,671

The financial statements on pages 30 to 59 were approved and authorised for issue by the Corporation on 9 December 2014 and were signed on its behalf by:


K. Henry
Chair of Corporation


S Wright
Accounting Officer

CASH FLOW STATEMENT

For the period from 1 August 2013 to 31 July 2014

	Notes	2014 £000s	2013 £000s
Net cash inflow/(outflow) from operating activities	23	1,699	(71)
Returns on investments and servicing of finance	24	86	182
Capital expenditure and financial investment	25	(3,011)	(4,242)
Cash outflow before use of liquid resources and financing		(1,226)	(4,131)
Management of liquid resources	26	1,750	2,750
Increase/(decrease) in cash in the period		524	(1,381)
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash in the period		524	(1,381)
Cash outflow from liquid resources	26	(1,750)	(2,750)
Movement in net funds in period	27	(1,226)	(4,131)
Net funds at 1 August	27	7,282	11,413
Net funds at 31 July		6,056	7,282

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 AUGUST 2013 TO 31 JULY 2014

1 Accounting Policies

Statement of Principal Accounting Policies

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

Basis of Preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2007* (the SORP), the Accounts Direction for 2013/14 financial statements and in accordance with applicable Accounting Standards.

Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom Accounting Standards.

Going Concern

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

The College's financial forecast shows a breakeven budget for 2014/15 including £475K of additional property improvements. For the previous two financial years the College planned a breakeven budget excluding property development costs and was able to deliver an improved operating position compared to budget.

The College's property strategy is supported by a funding plan which relies on a measure of external funding. The College is able to scale its plans according to the funding that is available, but is in a position to fund its immediate requirements for the next two years.

The College is also confident that, having a sufficient level of cash reserves, strong cost control and a diverse range of income streams, any volatility arising because of changes in the funding regime can be appropriately managed.

Recognition of Income

The recurrent grant from HEFCE represents the funding allocation attributable to the current financial year and is credited directly to the income and expenditure account.

Funding body recurrent grants are recognised in line with the best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Skills 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 at the beginning of December following the year end, and the results of the funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

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

Income from grants, contracts and other services rendered is included to the extent that the conditions of the funding have been met or the extent of the completion of the contract or service concerned.

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned. Income from restricted purpose endowment funds not expended in accordance with the restrictions of the endowment in the period is transferred from the income and expenditure account to accumulated income within endowment funds.

Post-retirement benefits

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes, which are externally funded and contracted out of the State Earnings-Related Pension Scheme (SERPS).

Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 22, the TPS is a multi employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating deficit. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Enhanced Pensions

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

Tangible Fixed Assets

Land and buildings

Land and buildings inherited from the local education authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis.

Building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 13 and 44 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

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

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

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

Assets under construction

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

Subsequent expenditure on existing fixed assets

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

- Market value of the fixed asset has subsequently improved;
- Asset capacity increases;
- Substantial improvement in the quality of output or reduction in operating costs;

- Significant extension of the asset's life beyond that conferred by repairs and maintenance.

Equipment

Unless items have been grouped then equipment costing less than £500 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the Local Education Authority is included in the balance sheet at valuation.

Inherited equipment has been depreciated over its useful economic life to the College from incorporation and is now fully depreciated. All other equipment is depreciated over its useful economic life on a straight line basis as follows:

- motor vehicles – 5 years
- computer equipment – 3 years
- other equipment – 3 years
- furniture, fixtures and plant – from 5 to 15 years

Works of Art are not depreciated, as it is considered that the assets will maintain or appreciate in value.

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

Leased Assets

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

Investments and Endowment Assets

Listed investments held as fixed assets or endowment assets are stated at market value. Current asset investments, which may include listed investments, are stated at the lower of their cost and net realisable value.

Stocks

Stocks are not valued as they are not considered to be significant.

Foreign Currency Translation

Transactions denominated in foreign currencies are recorded at the rates 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 Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

Liquid Resources

Liquid resources include sums on short-term deposits with recognised banks, building societies and government securities.

Provisions

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

Agency Arrangements

The College acts as an agent in the collection and payment of Discretionary Support Funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure Account and are shown separately in Note 32 to the Accounts, except for the 5% of the grant received which is available to the College to cover administration costs relating to the grant.

2 FUNDING BODY GRANTS

	2014	2013
	£000s	£000s
		Restated
Education Funding Agency recurrent grant	14,889	13,634
Skills Funding Agency recurrent grant	4,436	4,760
HEFCE recurrent grant	495	929
Education Funding Agency non recurrent grants	29	188
Skills Funding Agency non recurrent grants	153	266
Other funding body grants – Local Education Authorities	632	-
Releases of deferred capital grants (note 18)	147	157
Total	20,781	19,934

2013 income figures have been restated, overall income is unchanged but treatment of capital grant releases has been amended to reflect changes between funding body and other grants.

Local Education Authority grants is in respect of additional support funding relating to learners that have been previously funded through the Education Funding Agency or the Skills Funding Agency.

Foundation learning and 16-18 Learner Responsive Income of £81,000 included above within Education Funding Agency recurrent grant of £14,889,000 excludes payments to partner organisations. Total income claimed in the year and the related payments to partners was as follows:

	2014	2013
	£000s	£000
Education Funding Agency recurrent grant	328	391
Payments to non-College partners	(247)	(250)
Total	81	141

Workplace Learning and Adult Learner Responsive income of £24,000 included above within the Skills Funding Agency recurrent grant of £4,436,000 excludes payments to partner organisations. Total income claimed in the year and the related payments to partners was as follows:

	2014	2013
	£000s	£000s
Skills Funding Agency recurrent grant	-	201
Payments to non-College partners	-	(169)
Total	-	32

3 TUITION FEES AND EDUCATION CONTRACTS

	2014	2013
	£000s	£000s
UK Higher Education students	1,857	1,320
UK Further Education students	1,613	1,276
Non-European Union students	28	44
Total fees paid by or on behalf of individual students	3,498	2,640
Higher Education contracts	32	53
Other contracts	196	280
Apprenticeship contracts	339	251
Sub-total	567	584
Total	4,065	3,224

4 OTHER GRANTS AND CONTRACTS

	2014	2013
	£000s	£000s
European funds	106	132
Other funds	133	100
Total	239	232

5 OTHER INCOME

	2014	2013
	£000s	£000s
		Restated
Other income	334	486
Release of deferred Capital Grants (non-Funding Council) (note 18)	172	180
Total	506	666

2013 income figures have been restated, overall income is unchanged but treatment of capital grant releases has been amended to reflect changes between funding body and other grants.

6 ENDOWMENT AND INVESTMENT INCOME

	2014	2013
	£000s	£000s
Other investment income	81	143
Investment income from specific endowment asset	1	1
Sub Total	82	144
Pension finance income (note 22)	178	36
Total	260	180

7 STAFF COSTS

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

	2014	2013
	Number	Number
Teaching departments – teaching staff	247	239
Teaching departments – other staff	54	51
Teaching support services	75	72
Other support services	6	6
Administration and central services	104	105
Premises	38	35
Total	524	508

	2014	2013
	£000s	£000s
Staff Costs for the above persons		
Teaching departments – teaching staff	9,599	8,986
Teaching departments – other staff	1,211	1,144
Teaching support services	1,823	1,755
Other support services	233	236
Administration and central services	3,223	3,172
Premises	804	744
Staff restructuring	128	92
FRS17 retirement benefit charge (note 22)	426	466
Enhanced pension provision adjustment	51	65
Payroll sub-total	17,498	16,660
Contracted out staffing services	1,086	1,019
Total	18,584	17,679

7 STAFF COSTS (CONTINUED)

	2014 £000s	2013 £000s
Analysed as follows:		
Wages and salaries	14,302	13,523
Social Security costs	944	928
Other pension costs (including FRS17 adjustments of £426,000 (2013: £466,000))	2,073	2,052
Enhanced pension provision adjustment	51	65
Restructuring costs	128	92
Sub-Total	17,498	16,660
Contracted out staffing services	1,086	1,019
Total	18,584	17,679
Total staff costs, analysed by type of contract were:		
Employment costs for staff on permanent contracts	16,195	15,334
Employment costs for staff on short-term and temporary contracts	698	703
Contracted out staffing services	1,086	1,019
FRS17 retirement benefit charge	426	466
Restructuring costs	128	92
Enhanced pension provision adjustment	51	65
Total	18,584	17,679

8 EMOLUMENTS OF SENIOR POST HOLDERS AND MEMBERS

Senior post-holders are defined as the Accounting Officer and holders of the other senior posts whom the Board have selected for the purposes of the articles of governance of the College relating to the appointment and promotion of staff who are appointed by the Board of Governors.

	2014 Number	2013 Number
The number of senior post-holders including the Accounting Officer was:	3	3
	2014 £000s	2013 £000s
Senior post-holders' emoluments are made up as follows:		
Salaries	253	240
Pension contributions	34	33
Total emoluments	287	273

8 EMOLUMENTS OF SENIOR POST HOLDERS AND MEMBERS (CONTINUED)

The number of staff, including senior postholders and the Accounting Officer, who received emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

	2014		2013	
	Number of senior post-holders	Number of other Staff	Number of senior post-holders	Number of other Staff
£60,001 to £70,000	-	5	-	5
£80,001 to £90,000	-	-	1	-
£90,001 to £100,000	1	-	-	-
£120,001 to £130,000	1	-	1	-
Total	2	5	2	5

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

	2014	2013
	£000s	£000s
Salary	130	123
Pension contributions	18	17
Total emoluments	148	140

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

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

9 OTHER OPERATING EXPENSES

	2014 £000s	2013 £000s
Teaching departments	1,225	1,202
Teaching support services	103	119
Other support services	297	304
Administration and central services	1,069	777
General education expenditure	777	864
Premises costs – running costs	1,054	954
Premises costs – maintenance	345	328
Catering operations	9	11
Costs associated with property strategy	992	650
Interest on enhanced pension provision	157	144
Other expenses	19	19
Total	6,047	5,372

Other operating expenses include:

Auditors' remuneration

- internal audit	17	22
- financial statements audit	16	16
- other services provided by the internal auditors	-	18
Hire of other assets – operating leases	32	47

10 TAXATION

The members do not believe the College was liable for any Corporation tax arising out of its activities during this period (2012/13 – £nil).

11 TANGIBLE FIXED ASSETS

	Assets under course of Construction £000s	Leasehold Improve ments £000s	Freehold Land and Buildings £000s	Equipment £000s	Total £000s
Cost or valuation at 1 August 2013	-	1,100	51,848	6,228	59,176
Additions	3,643	-	911	309	4,863
Revaluation	-	-	(3,252)	-	(3,252)
Disposals	-	-	-	(360)	(360)
At 31 July 2014	3,643	1,100	49,507	6,177	60,427
Depreciation at 1 August 2013	-	12	2,776	4,775	7,563
Charge for period	-	71	1,498	592	2,161
Revaluation	-	-	(4,274)	-	(4,274)
Eliminated in respect of disposals	-	-	-	(360)	(360)
At 31 July 2014	-	83	-	5,007	5,090
Net book value at 31 July 2014	3,643	1,017	49,507	1,170	55,337
Net book value at 31 July 2013	-	1,088	49,072	1,453	51,613
Inherited	-	-	3,875	-	3,875
Financed by capital grant	1,401	-	3,589	370	5,360
Other	2,242	-	30,163	800	33,205
Leased	-	1,017	-	-	1,017
Revalued	-	-	11,880	-	11,880
Net book value at 31 July 2014	3,643	1,017	49,507	1,170	55,337

Land and buildings with a net book value of £3,588,565 (2013: £3,705,247) have been partly financed by exchequer funds. Should these assets be sold, the College may be liable, under the terms of its Financial Memorandum, to surrender the proceeds.

The College's land and buildings were valued at 31 July 2014 at depreciated replacement cost by the District Valuer in accordance with the RICS Appraisal and Valuation Standards as published by the Royal Institution of Chartered Surveyors. The revalued amount was £48,596,000. These have been included in the financial statements at depreciated replacement cost, as determined by the District Valuer. In addition land and buildings of £911,000 are held at cost.

11 TANGIBLE FIXED ASSETS (CONTINUED)

Included within freehold land and building additions are costs relating to the partnership provision of a 6th form centre at Crofton Academy. Assets under course of construction relate to the in-year cost of the Radcliffe refurbishment and remaining costs yet to be paid to the contractor are included in note 28 - Capital Commitments.

If land and buildings had not been revalued they would have been included at the following historical cost amounts:

	£000s
Cost	43,566
Aggregate depreciation based on cost	<u>(4,225)</u>
Net book value based on cost	<u>39,341</u>

12 INVESTMENTS

Current asset investments represent funds held in short-term deposit accounts of £4,360,000 (2013: £6,110,000).

13 DEBTORS

	2014 £000s	2013 £000s
Amounts falling due within one year:		
Trade debtors	222	240
Prepayments and accrued income	274	355
Amounts owed by the Skills Funding Agency	<u>78</u>	<u>82</u>
Total	<u>574</u>	<u>677</u>

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £000s	2013 £000s
Other loans	90	90
Payments received on account	1,524	1,428
Trade creditors	122	125
Taxation and social security	275	273
Pension creditor	121	244
Accruals and deferred income	<u>2,455</u>	<u>1,369</u>
Total	<u>4,587</u>	<u>3,529</u>

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014 £000s	2013 £000s
Other loans	154	244
Total	154	244

16 BORROWINGS

	2014 £000s	2013 £000s
Other loans are repayable as follows:		
In one year or less	90	90
Between one and two years	90	90
Between two and five years	64	154
Total	244	334

The loan is repayable by instalments falling due between 1 March 2013 and 1 September 2016 totalling £334,000. This loan is unsecured and attracts no interest.

17 PROVISIONS FOR LIABILITIES

	Enhanced Pension £000s
At 1 August 2013	3,668
Transferred from income and expenditure account	200
Expenditure in the period	(238)
Total	3,630

The enhanced pension provision relates to the cost of staff who have already left the College's employment. This provision has been recalculated in accordance with guidance issued by the funding bodies. The principal assumptions for this calculation are:

	2014	2013
Price inflation	3.74%	3.74%
Discount rate	2.25%	2.50%

18 DEFERRED CAPITAL GRANTS

	ERDF £000s	Funding Body £000s	Other £000s	Total £000s
At 1 August 2013				
- Land and buildings	527	3,110	95	3,732
- Equipment	-	312	236	548
Cash received:				
- Land and buildings	-	1,401	-	1,401
- Equipment	-	54	-	54
Released to income and expenditure account:				
- Land and buildings	(32)	(84)	(3)	(119)
- Equipment	-	(63)	(137)	(200)
At 31 July 2014	495	4,730	191	5,416
Land and buildings	495	4,427	92	5,014
Equipment	-	303	99	402
At 31 July 2014	495	4,730	191	5,416

19 SPECIFIC ENDOWMENTS

	2014 £000s	2013 £000s
As at 1 August	42	42
Expenditure for year	(1)	(1)
Income for year	1	1
As at 31 July	42	42

These funds represent a prize fund. These funds are restricted and are held as cash balances.

20 REVALUATION RESERVE

	2014	2013
	£000s	£000s
At 1 August	15,381	16,028
Transfer from revaluation reserve to general reserve in respect of depreciation on revalued assets	(648)	(647)
Revaluations in the period (as per note 11)	1,022	-
At 31 July	15,755	15,381

21 INCOME AND EXPENDITURE RESERVE

	2014	2013
	£000s	£000s
At 1 August	23,968	21,952
Deficit for the year	(941)	(947)
Transfer from revaluation reserve in respect of depreciation on revalued assets	648	647
Actuarial gain in respect of pension scheme	2,525	2,316
At 31 July	26,200	23,968
Balance represented by:		
Pension reserve	(6,183)	(8,460)
Income and expenditure account reserve	32,383	32,428
	26,200	23,968

22 PENSION AND SIMILAR OBLIGATIONS

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

	2014 £000s	2013 £000s
Teachers' Pension Scheme contribution	1,008	963
Local Government Pension Scheme:		
Contributions paid	647	645
FRS17 charge	426	466
Charge to the Income and Expenditure Account (staff costs)	1,073	1,111
Less: amounts recognised as enhanced pension payments	(8)	(8)
Less: amounts recognised as restructuring	-	(14)
Total Pension Cost for Year	2,073	2,052

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 2004 and of the LGPS was 31 March 2013.

Contributions amounting to £81,000 (2013: £205,000) were payable to the Schemes at 31 July and are included within creditors.

Introduction

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 academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting And Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. 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.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation Of The Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay.

The new employer contribution rate for the TPS will be implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme will commence on 1 April 2015.

The pension costs paid to TPS in the year amounted to £1,008,000 (2013: £963,000)

FRS17

Under the definitions set out in Financial Reporting Standard 17 (FRS17) Retirement Benefits, the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the College has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contribution rates.

LOCAL GOVERNMENT PENSION SCHEME (LGPS)

The LGPS (West Yorkshire Pension Fund) is a funded defined benefit scheme, with the assets held in separate funds administered by Bradford Metropolitan District Council. The total contribution made for the year ended 31 July 2014 was £940,000 of which employer's contributions totalled £639,000 and employees' contributions totalled £301,000. The agreed contribution rates for future years are 13.3% (13.1% from April 2015 and 12.9% from April 16). Employee contributions are between 5.5% and 12.5% dependent on the full time equivalent salary.

FRS17

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 and updated to 31 July 2014 by a qualified independent actuary.

	Funded 2014	Unfunded 2014	Funded 2013	Unfunded 2013
Rate of increase in salaries	3.7%	-	4.6%	-
Rate of increase for pensions in payment/inflation	2.2%	2.1%	2.7%	2.6%
Discount rate for scheme liabilities	4.1%	4.0%	4.5%	4.2%
CPI inflation assumption	2.2%	2.1%	2.7%	2.6%

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 2014	At 31 July 2013
<i>Retiring today/current pensioners:</i>		
Males	22.5	22.1
Females	25.4	24.3
<i>Retiring in 20 years/future pensioners:</i>		
Males	24.7	23.9
Females	27.7	26.2

The assets and liabilities in the scheme and the expected rates of return were:

	Long-term rate of return expected 2014	Value 2014 £000s	Long-term rate of return expected 2013	Value 2013 £000s
Equities	7.5%	20,240	7.8%	18,407
Bonds				
- Government	3.2%	2,776	3.3%	2,875
- Other	3.7%	1,402	4.0%	1,437
Property	6.8%	889	7.3%	756
Cash	1.1%	1,051	0.9%	958
Other	7.5%	593	7.8%	782
Total Market Value of Assets		26,951		25,215
Present value of scheme liabilities				
- Funded		(33,005)		(33,547)
- Unfunded		(129)		(128)
Deficit in the scheme		(6,183)		(8,460)

Analysis of the amount charged to income and expenditure account	2014 £000s	2013 £000s
Employer service cost	(1,073)	(1,098)
Past service cost	-	(13)
Total operating charge	(1,073)	(1,111)
Analysis of pension finance cost		
Expected return on pension scheme assets	1,709	1,342
Interest on pension liabilities	(1,531)	(1,306)
Pension finance income	178	36
Amount recognised in the statement of total recognised gains and losses (STRGL)	2014 £000s	2013 £000s
Actuarial (loss)/gain on pension scheme assets	(272)	2,446
Actuarial gain/(loss) on scheme liabilities	275	(10)
Change in financial and demographic assumptions underlying the scheme liabilities	2,522	(120)
Actuarial gain recognised in STRGL	2,525	2,316
	2014 £000s	2013 £000s
Movement in deficit during year		
Deficit in scheme at 1 August	(8,460)	(10,346)
Movement in year:		
Current service charge	(1,073)	(1,098)
(Including FRS17 Charge of £426,000 (2013:£466,000))		
Employer contributions	647	645
Past service cost	-	(13)
Pension finance income	178	36
Actuarial gain	2,525	2,316
Deficit in scheme at 31 July	(6,183)	(8,460)

Asset and liability reconciliation	2014	2013
	£000s	£000s
Reconciliation of liabilities		
Liabilities at start of period	33,675	31,460
Current service cost	1,073	1,098
Interest cost	1,531	1,306
Employee contributions	301	293
Actuarial (gain)/loss	(2,797)	130
Benefits paid	649	(625)
Past service cost	-	13
Liabilities at end of period	33,134	33,675

Included within the closing liability is £129,000 relating to unfunded obligations.

Asset and liability reconciliation	2014	2013
	£000s	£000s
Reconciliation of assets		
Assets at start of period	25,215	21,114
Expected return on assets	1,709	1,342
Actuarial (loss)/gain	(272)	2,446
Employer contributions	647	645
Employee contributions	301	293
Benefits paid	(649)	(625)
Assets at end of period	26,951	25,215

The estimated value of employer contributions for the year ended 31 July 2015 is £680,000.

	2014	2013	2012	2011	2010
History of experience gains and losses					
Actuarial (losses)/gains on assets:					
Amount £000s	(272)	2,446	(1,131)	506	1,294
% of scheme assets	(1.0)	9.7	(5.4)	2.4	7.0
Experience gains/(losses) on scheme liabilities:					
Amount £000s	275	(10)	(106)	4,082	179
% of scheme liabilities	0.8	-	(0.4)	15.2	0.6
Total amount recognised in STRGL:					
	2,525	2,316	(4,369)	5,450	148
	7.6	6.9	(13.9)	20.3	0.5

23 RECONCILIATION OF OPERATING DEFICIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Note	2014 £000s	2013 £000s
Deficit on continuing operations after depreciation of assets at valuation		(941)	(947)
Depreciation	11	2,161	2,132
Deferred capital grants released to income	18	(319)	(337)
Pension cost less contribution payable	22	426	466
Decrease in debtors		98	79
Increase/(decrease) in creditors		572	(1,257)
Decrease in provisions	17	(38)	(27)
Interest receivable	6	(81)	(143)
FRS17 pension finance income	6	(178)	(36)
Endowment income receivable	6	(1)	(1)
Net cash inflow/(outflow) from operating activities		1,699	(71)

24 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2014 £000s	2013 £000s
Interest received	85	181
Endowment income received	1	1
Net cash inflow from returns on investments and servicing of finance	86	182

25 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2014 £000s	2013 £000s
Purchase of tangible fixed assets	(4,466)	(4,383)
Deferred capital grants received	1,455	141
Net cash outflow from capital expenditure and financial investment	(3,011)	(4,242)

26 MANAGEMENT OF LIQUID RESOURCES

	2014 £000s	2013 £000s
Placing of short-term deposits	(1,750)	(2,750)
	(1,750)	(2,750)

27 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2013 £000s	Cashflows £000s	As at 31 July 2014 £000s
Endowment asset	42	-	42
Cash in hand and at bank	1,130	524	1,654
Current asset investments	6,110	(1,750)	4,360
Total	7,282	(1,226)	6,056

28 CAPITAL COMMITMENTS

	2014 £000s	2013 £000s
Contracted for at 31 July	304	253

29 FINANCIAL COMMITMENTS

The College had annual commitments under non-cancellable operating leases as follows:

	Other As at 31 July 2014 £000s	Other As at 31 July 2013 £000s
Expiring within one year	-	11
Expiring between two and five years inclusive	21	21
Total	21	32

The land and buildings costs relate to the 25 year lease of an old museum building. This is considered an operating lease as the College benefits from the use of the property but has no committed expenditure or obligation.

30 CONTINGENT LIABILITY

The College has received grant income over a number of years. The funding bodies have clawback arrangements in place for many of the grants and the College may have to pay monies back in the event of an audit taking place.

31 RELATED PARTY TRANSACTIONS

Owing to the nature of the College's operations and the composition of the Board of Governors (being drawn from local public and private sector organisations) it is inevitable that transactions may take place with organisations in which a member of the Board of Governors may have an interest. However, 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. No transactions were identified which should be disclosed under Financial Reporting Standard 8 Related Party Disclosures.

32 AMOUNTS DISBURSED AS AGENT

	2014 £000s	2013 £000s Restated
Funding body grants – hardship	875	795
Funds brought forward from previous year	24	119
	899	914
Disbursed to students	(655)	(786)
Administration costs	(37)	(40)
Amount consolidated in financial statements	(15)	(48)
Funds carried forward to following year	(67)	(24)
Balance unspent as at 31 July	125	16
Funding body grants - childcare	115	169
Disbursed to students	(26)	(79)
Administration costs	(6)	(8)
Balance unspent as at 31 July	83	82
Funding body grants – HEFCE	19	16
Funds brought forward from previous year	2	-
Disbursed to students	(2)	(3)
Administration costs	(1)	-
Funds carried forward to following year	(2)	(2)
Balance unspent as at 31 July	16	11

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