

# Report & Financial Statements

## 2015/16

**wakefieldcollege**

## Key Management Personnel, Board of Governors and Professional Advisers

### Key management personnel

Key management personnel are represented by the following in 2015/16:

Sam Wright	- Principal and Chief Executive and Accounting Officer
John Foster	- Deputy Principal and Chief Financial Officer
Sue Slassor	- Assistant Principal: Quality and Performance
Jo Simister	- Assistant Principal: Inclusion and Partnerships
Lisa Macdonald	- Assistant Principal: Vocational Pathways
Tony Rex	- Assistant Principal: Academic, HE and International
Louise Johnson	- Assistant Principal: Apprenticeships
Ian Wainwright	- Assistant Principal: Commercial Development and External Relations
Clare Allcock	- Assistant Principal: Student Experience and Student Services
Karen Sykes	- Director of Human Resources and Organisational Development
Jon Howard	- Director of Estates
Clare Hagerup	- Director of Higher Education
Nils Elgar	- Clerk to the Corporation

### Board of Governors

A full list of Governors is given on page 19 of these financial statements.

Dr N Elgar acted as Clerk to the Corporation throughout the period.

## Professional Advisers

### **Financial Statements and**

#### **Regularity auditor:**

Grant Thornton UK LLP  
2 Broadfield Court  
Sheffield  
S8 0XF

#### **Internal auditors:**

ICCA  
McLaren House  
46 Priory  
Queensway  
Birmingham  
B4 7LR

#### **Solicitors:**

Eversheds LLP  
Bridgewater Place  
Water Lane  
Leeds  
LS11 5DR

#### **Insurance Brokers:**

Zurich Muncipal  
1<sup>st</sup> Floor  
1 East Parade  
Leeds  
LS1 2UA

### **Bankers:**

Close Brothers Ltd  
10 Crown Place  
London  
EC2A 4FT

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

Santander UK plc  
Bootle  
Merseyside  
L30 4GB

<b>Contents</b>	<b>Page number</b>
Key Management Personnel	2
Professional Advisors	3
Highlights of the Year	5
Nature, Objectives and Strategy	5
Financial Position	8
Current and Future Development and Performance	9
Disclosure of information to Auditors	17
Statement of Corporate Governance and Internal Control	18
Members who served the Corporation since August 2015	18
Statement of Responsibilities of the Members of the Corporation	28
Independent Auditor's Report to the Corporation of Wakefield College	30
Reporting Accountant's Assurance Report on Regularity to the Corporation of Wakefield College and the Secretary of State for Education acting through the Skills Funding Agency	32
Statements of Comprehensive Income	35
Statement of Changes in Reserves	36
Balance Sheets as at 31 July	37
Statement of Cash Flows	38
Notes to the Financial Statements for the Period 1 August 2015 to 31 July 2016	39 - 64

## Report of the Governing Body

The members present their report and the audited financial statements for the year ended 31 July 2016.

## Highlights of the Year

- A level pass rate at 97% or above for the fourth year running
- 14% increase in Apprenticeships to over 400, opening of the Wakefield College Apprenticeships Shop, and inaugural Apprenticeships Awards
- Funding secured from Leeds City Region Enterprise Partnership to build an Advanced Skills and Innovation Centre on the Wakefield City Campus
- 4<sup>th</sup> Annual Children's University Graduation Ceremony with record numbers
- 60% of students on 14-16 courses progressed to post 16 study at Wakefield College in September 2015
- A highly successful Review of Higher Education provision by the Quality Assurance Agency
- Record number of over 1,750 students attending Year 10 Taster Days with representation from a record number of schools
- Successful transition to Education Health and Care Plans for all learners continuing in education in line with statutory requirements

## Nature, Objectives and Strategy

### 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 Part 3 of the Charities Act 2011.

### Mission

The College's Mission continues to be:

"Transforming lives through learning....

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

### Public Benefit

As an exempt charity Wakefield College is regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all FE Corporations in England. The members of the Governing Body, who are trustees of the charity, are disclosed on page 19.

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 Report of the Governing Body but includes, high-quality teaching, widening participation and tackling social exclusion, raising aspirations, strong student support systems, and links with employers, industry and commerce. Specifically, during the year under review, the College gave free or discounted access to its facilities to local community groups and other organisations to the value of £46,209.

### **Implementation of Strategic Plan**

In July 2015 the Corporation formally approved the College's Strategic Plan for the period 1 August 2015 to 31 July 2018. The Corporation monitors performance against these plans which are reviewed and updated each year. The College's continuing strategic objectives are:

- 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.
- 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 2015/16 has been excellent with the vast majority of objectives met.

Key objectives achieved include:

- Proactive engagement in the Area Based Review process resulting in a judgement that the College was able to continue to stand alone
- Secured an exceptionally clean SFA funding audit
- Achieved recognition through the Higher Education Review process that our HE provision meets UK expectations and includes features of good practice
- Made significant progress in our ambitions to promote higher level skills in the District through the development of the Advanced Skills and Innovation Centre due for completion April 2017. This £7m scheme will help raise aspirations to undertake higher level education and training within the District and address skills gaps
- Achieved A Level pass rate of 97%

### **Financial Objectives**

Key financial targets for the College are set each year as part of the strategic planning process. In July 2015 the following targets were defined to ensure sound financial health:

- (i) **To quantify and identify the source of funding required to deliver the College's revised property strategy in each of the three financial years to 2017/18.**

Skills Capital funding, together with a contribution from Wakefield Metropolitan District Council, was secured for the College's Advanced Skills and Innovation Centre and construction began in March 2016. Governors approved an updated property strategy in October 2016 and this, together with a financial plan shared with the Area Review Team demonstrates that the key elements of the property strategy are affordable.

- (ii) **To devise a further growth, savings and efficiency strategy to achieve a balanced position for 2016/17 and generate a minimum of £1.5m cash from operations for the two years 2016/17 and 2017/18.**

Governors approved a balanced budget prior to the start of the new financial year. The financial plan that Governors approved demonstrates that this objective has been met for 2016/17 and is achievable for the two successive years.

- (iii) **Staffing costs not to exceed 70% of income**

The staffing costs for the year under review, excluding restructuring costs, were 69.8% of income (70.2% including restructuring costs of £107,000) (2014/15 – 67.8% and 68.5% including restructuring costs of £199,000).

- (iv) **To retain at least 'good' financial health**

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

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

In 2015/16, based on the College's management accounts, 21.3% of income came from sources other than the funding bodies (2014/15 – 19.8%).

### **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 'Outstanding' by the Skills Funding Agency is considered an appropriate assessment.

In addition, the Board reviews the College's performance dashboard, which contains a range of performance indicators, at each meeting. These cover the College's operations including attendance, student numbers, lesson observation activity, funding and allocations, financial objectives, staff absence and staff utilisation and property condition. Certain performance indicators are reviewed cyclically according to the availability and currency of the data. These include student satisfaction, destination data and success rates.

Of the multiple indicators there were three that Governors kept under close scrutiny throughout the year because they were below target or fell short of external benchmarks. These were student attendance, achievement of the Loan facility and staff absence rates.

Indicators that performed particularly well were student numbers against target, funding generated against allocations.

## **Financial Position**

### **Financial Results**

The College produced an operating deficit before actuarial loss or gain in respect of pension schemes in the year of £600,000, after a loss on disposal of assets of £524,000 and pension service costs of £799,000 (2014/15 - operating deficit of £238,000, including pension service costs of £596,000). It should be noted that these figures are presented under the new reporting standard.

It should be noted that the result reported is after property related expenditure of £294,000 (2014/15 £1,142,000) which relates to refurbishment works to support the College's property strategy.

Tangible fixed asset additions during the year amounted to £1,601,000 (2014/15 £597,000).

The College relies significantly on the education sector funding bodies as its principal funding source, largely from recurrent grants. In 2015/16, based on the College's management accounts, the funding bodies provided 78.7% of the College's total income (2014/15: 80.3%).

### **Treasury Policies and Objectives**

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



Wakefield College has a separate treasury management policy in place.

The College generated £86,000 (2014/15: £64,000) excluding endowments from the management of its cash balances.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. 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 and invest in other elements of the College's operations.

### **Cash Flows and liquidity**

There was a net cash inflow on operating activities of £3,750,000 during the year (2014/15: £2,128,000).

The College's cash balances (including invested amounts) stood at £10,135,000 (31 July 2015: £8,008,000). The College therefore has a reasonable base from which to consider its options for future investment.

### **Reserves Policy**

The College has no formal reserves policy, but recognises the importance of reserves in the financial stability of an organisation, whilst ensuring that adequate resources are provided for the College's core business. The College currently has a small restricted reserve, the result of a past legacy. As at the balance sheet date, the Income and Expenditure Account Reserve stands at £34,065,000 (2015: £40,381,000).

As indicated elsewhere in this report, the College has a treasury management policy and financial objectives that are focused on ensuring that there are sufficient resources to enable the College to maintain a level of investment in facilities and services commensurate with its property strategy and strategic plan.

## **Current and Future Development and Performance**

### **Student Numbers**

In 2015/16 the College delivered activity that produced £19,734,000 in funding body main allocation from the Education Funding Agency and Skills Funding Agency (2014/15 - £20,978,000). Total student numbers in year were 8,729; this includes learners funded by our main funding bodies in addition to learners funded from other sources (2014/15 – 9,374).

## **Students' achievements**

Achievement rates declined slightly on 2014-15 levels. There are clear reasons behind this, specifically the impact of the alternative curriculum offer at Level 1, the impact of new, more challenging functional skills exams, and poor performance in three AS subjects. Functional skills performance also impacted upon the achievement rates of adults which declined slightly on the previous year.

Timely and overall achievement rates on apprenticeships have improved on those achieved in 2014-15.

Higher education programmes have seen a decline against previous years as a result of performance on three programmes.

## **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:

### **Higher Education**

- The successful Higher Education Review confirmed that the College is meeting Quality Assurance Agency expectations in all areas, and identified a number of areas of good practice including the strategic approach taken to enhance student employability
- The College expanded its Higher Education provision to address low levels of participation in HE and higher level skills gaps in the District, with a further increase in student numbers on HE programmes.

### **A-Levels**

- In their first year, Reformed A levels were successfully introduced in 15 subjects.
- 16 A Level subjects achieved a 100% pass rate at A Level, an increase on the previous year, with Film Studies achieving the maximum pass rate for the 13<sup>th</sup> consecutive year, Media Studies for the 12<sup>th</sup> and English Literature for the 11<sup>th</sup>.
- Almost 80 students on Advanced Level courses at the College chose to progress onto one of our HE programmes.

## **Science**

- 4 Advanced Level Applied Science students achieved the highest possible grade profile i.e. 3 Distinction Star grades (D\*D\*D\*), with another student achieving D\*D\*D.
- The number of students starting A level courses in the new Science Centre increased by nearly 50%.

## **Animal Care and Horticulture**

- 8 students attended a three weeks' work placement in Croatia with published, world renowned Professor Goran Susic at the Griffon Vulture Rescue Centre.

## **Hospitality and Catering**

- Hospitality and Catering continued its high achievement trends. A number of successful strategies to improve attendance have been effective, resulting in this area having the highest attendance rates across the college.

## **Hair and Beauty**

- The area has successfully developed a higher level qualification in Salon Management to address the shortages highlighted in Leeds City Region research. The new students will be welcomed in the 2016/17 academic year, with 12 students having already applied, all taking advantage of Advanced Learning Loans.

## **Sport, Public Services and Travel & Tourism**

- Two sports students completed their Level 3 Sports course and gained full time employment as full time Super League rugby players; this was made possible due to the close working partnership between the Club and College.
- All Public Service Level 3 year 2 students have progressed on to the new HE course for next year.

## **Computing, Business Enterprise & Digital Industries**

- We have worked to develop a level-3 programme with the Cognitiv group of local digital industry employers who have been supporting our students via mentoring and work placements.
- A partnership with Job Centre Plus for delivery of a Universal Job Match course has resulted in positive employment outcomes for learners. We expect this to expand in 2016/17.

## **Construction**

- The department has worked closely with local industry to ensure flexible progression from full time study to apprenticeships and other training opportunities throughout the year.
- An electrical apprentice reached the national finals of Skills Build and one of our HNC learners achieving one of three QUEST awards for Yorkshire and Humberside.

## **Care & Early Years**

- Level 2 Health and Social Care learners took part in activity days for dementia clients at a local care home.

## **Performing Arts & Music**

- Students from across the Department once again presented their festival of music, dance and theatre which attracted over 1500 visitors and which included productions and performances at the Theatre Royal and the Unity Works Long Division Festival supported by practitioners working in the industry.

## **Media & Design**

- Budding photographers from Wakefield College helped to unveil 'My Secret Wakefield' at The Hepworth and students had a selection of their work on display at Waterside Gallery in the City.

## **Art & Design**

- As part of a World War One themed exhibition for the new West Yorkshire History Centre fashion students from Wakefield College have designed and made garments inspired by the theme. These will form an exciting part of the opening exhibition and Wakefield museum will support the exhibition by curating some of the garments in their exhibition spaces in Wakefield One.

## **Automotive**

- The department successfully achieved ABC Awards and Driver and Vehicle Standards Agency (DVSA) MOT Tester status, enabling the department to become a recognised centre of excellence.

## Engineering

- Apprentices from the department won four awards at the first College Apprenticeship Awards event in Wakefield

## Foundation Learning

- Secured external funds to expand supported employment programme
- Nominated by Disability Sports Yorkshire for Disability Action Yorkshire Team of the Year Award

## 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 94.3% of its invoices within 30 days (2014/15– 94.4%). The College incurred no interest charges in respect of late payment for this period.

## Future Prospects

The College has agreed total funding body income of £20.4m for the 2016/17 financial year. This includes funding from the Higher Education Council for England which has been confirmed at £433,000 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 Advanced Skills and Innovation Centre (ASIC) is due to open in 2017 and we expect this to have a positive impact on recruitment to our higher education programmes and employer funded activity.

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 report, 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 £52.6m of tangible assets.
- Full time equivalent staff paid in year amounted to 520, 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 18.

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 extent to which the College can attract and retain high calibre skilled people to drive continuous improvement.

- The ability of managers to control costs in a difficult economic environment.
- The impact of government policy on various aspects of our operations and our funding, e.g. qualification reforms, Adult Learning Loans and apprenticeship reforms.
- The ability of the College to finance its estate renewal programme.

Our response to the risks has been:

- to expand collaborative provision and continue to invest in state of the art facilities, including commencing construction of our Advanced Skills and Innovation Centre;
- to develop an increasing understanding and awareness of local economic drivers and skills needs, and to target major local employers;
- to develop strategies to ensure students are retained and remain engaged with all aspects of their courses, and offered appropriate opportunities to progress;
- to review curriculum footprints and refresh the curriculum, particularly our offer to adults;
- to review our operations to ensure efficiency, effectiveness and value for money;
- to seek external funding to enable us to improve our facilities; 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 Enterprise Partnership (LEP);
- 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.

In addition, the College makes available to community groups and organisations accommodation at a reduced cost or no charge. In 2016, the value of this amounted to £46,000.

## **Equal opportunities**

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. Wakefield College is committed to helping achieve equality for all learners, staff and other College users, and aims to ensure that all learners, whatever their background, have the opportunity to benefit from excellent and inspirational educational opportunities.

The College's Equality & Diversity Policy was reviewed by Governors in 2015/16 and a policy statement is published on the College's website. The policy is monitored and evaluated regularly. The College considers all job applications anonymously reducing the possibility of any conscious or subconscious bias.

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 Equality Act 2010.

- 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 are 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 13 December 2016  
and signed on its behalf by:



Paul Campbell

Chair of Corporation

## Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2015 to 31 July 2016 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership); and
- ii. having due regard to the UK Corporate Governance Code ("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. The College adopted the Foundation Code of Governance in August 2012 and reported full compliance with this Code for financial years' 2013/14, 2014/15 and 2015/16. While the Foundation Code was superseded by the Code of Good Governance in March 2015, the College has not yet adopted the revised Code. We have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code 2014 we consider to be relevant to the further education sector.

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 2015

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

Name	Date Appointed Re-appointed	Term of Office	Date of Resignation	Status of Appointment	Committees Served	Attendance All Meetings
Robert Allcock	Jul 16	1 year		Student	-	1/1 (Board)
Saul Armitage-Lamprey	Dec 15	8 months	Jun 16	Student	-	4/4 (Board)
Matthew Butler	Jul 16	1 year		Student	-	1/1 (Board)
David Caddies	Jan 14	4 years	-	External	Remuneration (Chair from Jul 16)	6/6 (Board) 1/1
Paul Campbell (Chair)	Jul 09/ July 13	4 years	-	External	Remuneration Search	5/6 (Board) 1/1 2/3
Emma Elvin	Jul 16	4 years	-	External	-	-
Jason Malloy	Jan 2014	4 years	Aug 16	External	Audit (Chair from Nov 15)	5/6 (Board) 3/3
Andrew McConnell (Vice Chair)	Oct 06/ Oct 10/ Oct 14	26 months	-	External	Audit Remuneration (Chair to Jul 16) Search (Vice Chair)	6/6 (Board) 3/3 1/1 3/3
Debbie Moss	Jul 15	4 years	-	Staff	-	4/6 (Board)
Ian Parsons	Dec 15	1 year	-	External	Audit (from Aug 16. Chair from Sept 16)	4/4 (Board)
Michele Phillips	Jul 08/ Jul 12	4 years	Jul 16	External	Audit (Vice Chair)	3/6 (Board) 2/3
Ruth Pickford	Nov 14	4 years	Aug 16	External	-	5/6 (Board)
Camille Taylor-Haley	Nov 14/ Aug 15	1 year	Jun 16	Student	-	4/5 (Board)
Andy Wallhead	May 11/ May 15	4 years	-	External	Audit (Chair to Nov 15)	4/6 (Board) 3/3
Jane Walton	Oct 09/ Oct 13	4 years	-	External	Search (Chair) Remuneration (Vice Chair)	5/6 (Board) 2/3 1/1
Andrew Watts	Nov 14	4 years	-	Staff	Audit	6/6 (Board) 3/3
Sam Wright	Mar 11	n/a	-	Principal	Search	6/6 (Board) 3/3

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 on the College's website

<http://www.wakefield.ac.uk/about-us/governance>.

or 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.

## Corporation performance

A self-assessment of the Corporation's performance is undertaken on an annual basis and covers multiple facets of governance. In 2015/16, this included:

- a review of the Corporation's governance arrangements, which concluded that the Corporation's Standing Orders and committee terms of reference were fit for purpose, following some minor amendments. It also concluded that each committee had been compliant with its terms of reference.
- Governor attendance at meetings which, at 87%, remained high and at the upper end of the college sector.
- Governors' and Chair of Governor's appraisals. Key priorities identified for the year ahead include:
  - i) reviewing formal Governor development to ensure Governors are effective in their role;
  - ii) succession planning for the Chair and Vice Chair roles;
  - iii) recruiting high calibre Governors;
  - iv) strengthening Governor contributions at Board meetings;
  - v) prioritising and ensuring relevance of Core Strategic Items to be considered by the Board; and
  - vi) improving performance monitoring.
- Audit Committee Annual Report, which concluded that the College's systems of internal control and its arrangements for risk management, control and governance processes, and securing economy, efficiency and effectiveness (value for money) are both adequate and effective.

## Remuneration Committee

The Remuneration Committee comprises four members. The Committee's responsibilities are to make recommendations to the Board on the specific remuneration and benefits packages of the Accounting Officer and other senior post holders.

Details of remuneration for the year ended 31 July 2016 are set out in Note 8 to the financial statements.

## **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 review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee.

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

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

## **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 2015 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 2015 and up to the date of approval of the annual report and accounts. The Audit Committee acts as the Risk Committee and 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, and 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 other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports 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 2016 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2016 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2016.

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

### **Going Concern**

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.

The College has a history of generating positive cash flows from operations, delivering operating surpluses and controlling costs through a robust system of business review and delivering efficiencies.

The College's financial plan shared with the Skills Funding Agency in July 2016 demonstrated an ability to continue with its plans for investment and deliver surpluses in line with sector expectations.

In addition, the Area Based Review Team concluded in the summer of 2016 that the College was in a position to stand alone, based on the provision offered to local people and its financial position, as set out in its financial plan.

The Board takes assurance from this but recognises the challenges likely to impact on the sector over the next three years. Financial plans will continue to be reviewed and tested.

Approved by order of the members of the Corporation on 13 December 2016 and signed on its behalf:



P Campbell  
Chair of Corporation



S Wright  
Accounting Officer

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

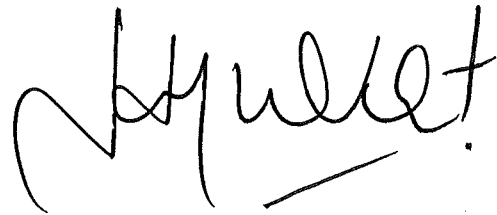
The Corporation has considered its responsibility to notify the Skills Funding Agency of material irregularity, impropriety and non-compliance with Skills Funding Agency terms and conditions of funding, under the financial memorandum in place between the College and the Skills Funding Agency. As part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

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

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



P Campbell  
Chair of Corporation



S Wright  
Accounting Officer

## Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the Financial Memorandum between the Skills 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 2015 Statement of Recommended Practice – Accounting for Further and Higher Education and with the Accounts Direction for 2015 to 2016 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 a Members' Report 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 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 13 December 2016 and signed on its behalf by:

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

Paul Campbell

Chair of Corporation

## **Independent Auditor's Report to the Corporation of Wakefield College**

We have audited the financial statements of Wakefield College for the year ended 31 July 2016 which comprise the statement of comprehensive income, the statement of changes in reserves, the balance sheet, the statement of cash flows 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), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the College's 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 College's Corporation those matters we are required to state to it 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 College's 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 Responsibilities of the Corporation set out on page 28, 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](http://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 2016 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 Statement of Recommended Practice – Accounting for Further and Higher Education issued in March 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.

*Cat Dubs UK Ltd*

Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Sheffield

20 December 2016

## **Reporting accountant's assurance report on regularity**

### **To the Corporation of Wakefield College and Secretary of State for Education acting through Skills Funding Agency**

In accordance with the terms of our engagement letter dated 12 September 2016 and further to the requirements of the financial memorandum with Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that, in all material respects, the expenditure disbursed and income received by Wakefield College during the period 1 August 2015 to 31 July 2016 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency in June 2016. In accordance with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the Skills Funding Agency has other assurance arrangements in place.

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

### **Respective responsibilities of Wakefield College and the reporting accountant**

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

Our responsibilities for this engagement are established in the United Kingdom as imposed by the law, professional standards and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Joint Audit Code of Practice. We report to you whether anything has come to our attention



in carrying out our work which suggests that, in all material respects, expenditure disbursed and income received during the period 1 August 2015 to 31 July 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

## Approach

We conducted our engagement in accordance with the Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency. We performed a limited assurance engagement as defined in that framework.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the college's income and expenditure.

The work undertaken to draw our conclusion includes: an assessment of the risk of material irregularity and impropriety across the college's activities;

- evaluation of the processes and controls established and maintained in respect of regularity and propriety for the use of public funds through observation of the arrangements in place and enquiries of management;
- consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance and that included in the self-assessment questionnaire (SAQ); and
- limited testing, on a sample basis, of income and expenditure for the areas identified as high risk and included on the SAQ.

## Conclusion

In the course of our work, nothing has come to our attention which suggests that, in all material respects, the expenditure disbursed and income received during the period 1 August 2015 to 31 July 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Grant Thornton UK LLP  
Chartered Accountants  
Sheffield

20 December 2016

**Statement of Comprehensive Income**

	Notes	Year ended 31 July 2016 £000s	Year ended 31 July 2015 £000s
<b>INCOME</b>			
Funding body grants	2	21,124	22,481
Tuition fees and education contracts	3	4,708	4,452
Other grants and contracts	4	120	233
Other income	5	304	270
Investment income	6	86	64
Donations and Endowments	7	1	1
<b>Total income</b>		<b>26,343</b>	<b>27,501</b>
<b>EXPENDITURE</b>			
Staff costs	8	18,492	18,831
Fundamental restructuring costs	8	107	199
Other operating expenses	9	5,317	6,269
Depreciation	11	2,201	2,188
Interest and other finance costs	10	302	252
<b>Total expenditure</b>		<b>26,419</b>	<b>27,739</b>
<b>Deficit before other gains &amp; losses</b>		<b>(76)</b>	<b>(238)</b>
Loss on disposal of assets	11	(524)	-
<b>Deficit for the year</b>		<b>(600)</b>	<b>(238)</b>
Actuarial loss in respect of pensions schemes	24	(5,716)	(1,431)
<b>Total Comprehensive Income for the year</b>		<b>(6,316)</b>	<b>(1,669)</b>

**Statement of Changes in Reserves**

	<b>Endow ment £000s</b>	<b>Income and expenditure account £000s</b>	<b>Revaluation reserve £000s</b>	<b>Total £000s</b>
<b>Restated Balance at 1<sup>st</sup> August 2014</b>	<b>42</b>	<b>26,295</b>	<b>15,755</b>	<b>42,092</b>
Deficit from the income and expenditure account	-	(238)	-	(238)
Other comprehensive income	-	(1,431)		(1,431)
Transfers between revaluation and income and expenditure reserves	-	622	(622)	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(1,047)</b>	<b>(622)</b>	<b>(1,669)</b>
<b>Balance at 31<sup>st</sup> July 2015</b>	<b>42</b>	<b>25,248</b>	<b>15,133</b>	<b>40,423</b>
Deficit from the income and expenditure account	-	(600)	-	(600)
Other comprehensive income	-	(5,716)	-	(5,716)
Transfers between revaluation and income and expenditure reserves	-	1,137	(1,137)	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(5,179)</b>	<b>(1,137)</b>	<b>(6,316)</b>
<b>Balance at 31<sup>st</sup> July 2016</b>	<b>42</b>	<b>20,069</b>	<b>13,996</b>	<b>34,107</b>

**Balance Sheets as at 31 July**

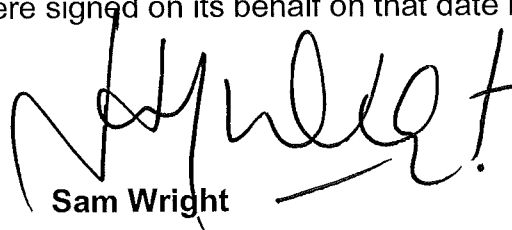
		2016	Restated 2015
	Notes	£000s	£000s
<b>Non-current assets</b>			
Tangible fixed assets	11	52,623	53,746
Endowments	12	42	42
		<b>52,665</b>	<b>53,788</b>
<b>Current assets</b>			
Trade and other receivables	13	909	608
Investments	14	5,850	5,600
Cash and cash equivalents	19	4,285	2,408
		<b>11,044</b>	<b>8,616</b>
<b>Less: Creditors – amounts falling due within one year</b>	15	(5,163)	(5,208)
<b>Net current assets</b>		<b>5,881</b>	<b>3,408</b>
<b>Total assets less current liabilities</b>		58,546	57,196
Creditors – amounts falling due after more than one year	16	(5,980)	(4,949)
<b>Provisions</b>			
Defined benefit obligations	18	(14,725)	(8,210)
Other provisions	18	(3,734)	(3,614)
<b>Total net assets</b>		<b>34,107</b>	<b>40,423</b>
Restricted reserves:			
Walshaw Fund		42	42
<b>Unrestricted Reserves</b>			
Income and expenditure account		20,069	25,248
Revaluation reserve		13,996	15,133
<b>Total unrestricted reserves</b>		<b>34,065</b>	<b>40,381</b>
<b>Total reserves</b>		<b>34,107</b>	<b>40,423</b>

The financial statements on pages 35 to 64 were approved and authorised for issue by the Corporation on 13 December 2016 and were signed on its behalf on that date by:



Paul Campbell

Chair



Sam Wright

Accounting Officer

**Statement of Cash Flows**

	Notes	2016 £000s	Restated 2015 £000s
<b>Cash flow from operating activities</b>			
Deficit for the year		(600)	(238)
<b>Adjustment for non-cash items</b>			
Depreciation		2,201	2,188
Increase in debtors		(301)	(34)
Decrease in creditors due within one year		(19)	(162)
Increase/(decrease) in creditors due after one year		1,094	(153)
Increase/(decrease) in provisions		120	(16)
Pension costs less contributions payable		516	356
<b>Adjustment for investing or financing activities</b>			
Investment income		(87)	(65)
Interest payable		302	252
Loss on sale of fixed assets		524	-
<b>Net cash flow from operating activities</b>		<b>3,750</b>	<b>2,128</b>
<b>Cash flows from investing activities</b>			
Disposal of non-current asset investments		87	65
New deposits		(250)	(1,240)
Payments made to acquire fixed assets		(1,601)	(597)
		<b>(1,764)</b>	<b>(1,772)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(19)	(12)
New unsecured loans		-	500
Repayments of amounts borrowed		(90)	(90)
		<b>(109)</b>	<b>398</b>
<b>Increase in cash and cash equivalents in the year</b>		<b>1,877</b>	<b>754</b>
Cash and cash equivalents at beginning of the year	19	2,408	1,654
Cash and cash equivalents at end of the year	19	4,285	2,408

## Notes to the Financial Statements for the Period 1 August 2015 to 31 July 2016

### 1 Statement of accounting policies and estimation techniques

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

#### Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP), the College Accounts Direction for 2015 to 2016 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

#### Transition to the 2015 FE HE SORP

The College is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the College has amended certain accounting policies to comply with FRS 102 and the 2015 FE HE SORP. The trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 ‘Transition to this FRS’.

An explanation of how the transition to the 2015 FE HE SORP has affected the reported financial position, financial performance and cash flows of the College is provided in note 27.

The 2015 FE HE SORP requires colleges to prepare a single statement of comprehensive income, and not the alternative presentation of a separate income statement and a statement of other comprehensive income. This represents a change in accounting policy from the previous period where separate statements for the Income and Expenditure account and for the Statement of Total Recognised Gains and Losses were presented.

The application of first time adoption allows certain exemptions from the full requirements of the FRS 102 and the 2015 FE HE SORP in the transition period. The following exemptions have been taken in these financial statements:

- The College has retained the carrying values of freehold properties, revalued on 1 August 2014, as being deemed cost and measured at fair value. It is not our intention to revalue these assets in future. Land and buildings inherited upon incorporation from the local education authority have been treated similarly.

The College has reviewed the other exemptions available under Chapter 35 of FRS 102 and is of the view that it is not necessary or appropriate to apply them on first time adoption.

**Basis of Accounting**

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

**Going Concern**

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Members' Report. The financial position of the College, its cash flow, liquidity and borrowings are presented in the Financial Statements and accompanying notes.

The College currently has a loan of £500,000 outstanding with a local academy on terms negotiated in 2014 as part of a partnership agreement. The loan is expected to remain in place for the duration of the partnership agreement but could be repayable on demand subject to a six-month notice period. There are no covenants attached. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and repay it were notice to be given.

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

**Recognition of Income**

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with 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 Education Budget (Block Grant) is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from HEFCE represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

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

Government capital grants, are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as



permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

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

### **Accounting for post-employment benefits**

Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit plans, which are externally funded and contracted out of the State Second Pension.

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and 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 plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

**Short term Employment benefits**

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

**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.

**Non-current Assets - Tangible Fixed Assets**

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

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, depending on the nature of the adaptations.

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 income account within creditors, and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 2014, as deemed cost but not to adopt a policy of revaluation of these properties in the future.

**Assets under construction**

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. 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:

**Equipment**

Equipment costing less than £500 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated over its remaining 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

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors, and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

**Leased Assets**

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

**Cash and cash equivalents**

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

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

**Financial liabilities and equity**

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

All loans, investments and short term deposits are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires

that basic financial instruments are subsequently measured at amortised cost, however the College has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

### **Taxation**

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

### **Provisions and contingent liabilities**

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

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

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

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

### **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 where the College is exposed to minimal risk or enjoys minimal economic benefit

related to the transaction. Payments and disbursements are shown separately in Note 26 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.

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

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Other key sources of estimation uncertainty

- Tangible fixed assets

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

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 July 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**2 Funding Body Grants**

	Year ended 31 July 2016 £000s	Year ended 31 July 2015 £000s
<b>Recurrent grants</b>		
Skills Funding Agency	3,727	4,045
Education Funding Agency	15,917	16,790
Higher Education Funding Council	423	433
<b>Specific Grants</b>		
Skills Funding Agency	122	380
Education Funding Agency non recurrent grants	58	73
Releases of government capital grants	174	184
Local Education Authorities	703	576
<b>Total</b>	<b>21,124</b>	<b>22,481</b>

Foundation learning and 16-18 Learner Responsive Income of £23,000 included above within Education Funding Agency recurrent grant of £15,917,000 excludes payments to partner organisations. Total income claimed in the year and the related payments to partners was as follows:

	2016 £000s	2015 £000s
Education Funding Agency recurrent grant	113	176
Payments to non-College partners	(90)	(141)
<b>Total</b>	<b>23</b>	<b>35</b>
Skills Funding Agency recurrent grant	-	2
Payments to non-College partners	-	(2)
<b>Total</b>	<b>-</b>	<b>-</b>

**3 Tuition Fees and Education Contracts**

	2016 £000s	2015 £000s
UK Higher education students	2,734	2,327
UK Further Education students	1,491	1,624
International students fees	105	94
<b>Total fees paid on behalf of individual students</b>	<b>4,330</b>	<b>4,045</b>
Education contracts	160	133
Apprenticeship contracts	218	274
<b>Sub Total</b>	<b>378</b>	<b>407</b>
<b>Total</b>	<b>4,708</b>	<b>4,452</b>

**4 Other Grants and Contracts**

	2016 £000s	2015 £000s
European Commission	65	157
Other grants and contracts	55	76
<b>Total</b>	<b>120</b>	<b>233</b>

**5 Other Income**

	2016 £000s	2015 £000s
Non-government capital grants	47	34
Miscellaneous income	257	236
<b>Total</b>	<b>304</b>	<b>270</b>

**6 Investment Income**

	2016 £000s	2015 £000s
Other investment income	86	64
<b>Total</b>	<b>86</b>	<b>64</b>

**7 Donations**

	2016 £000s	2015 £000s
Unrestricted donations	1	1
<b>Total</b>	<b>1</b>	<b>1</b>

## 8 Staff Costs

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

	2016 No	2015 No
Teaching Staff	236	254
Student Support	140	134
Non-teaching Staff	144	148
	<b>520</b>	<b>536</b>

### Staff costs for the above persons

	2016 £000s	2015 £000s
Wages and salaries	14,709	14,726
Social security costs	986	970
Other pension costs	2,357	2,146
<b>Payroll sub total</b>	<b>18,052</b>	<b>17,842</b>
Contracted out staffing services	440	989
<b>Total</b>	<b>18,492</b>	<b>18,831</b>
Fundamental restructuring costs – Contractual	107	199
<b>Total Staff costs</b>	<b>18,599</b>	<b>19,030</b>

A 1% unconsolidated pay award was made to all staff in year, including key management personnel.

### Key Management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the individuals listed earlier in these financial statements.

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

	2016 No	2015 No
The number of key management personnel including the Accounting Officer was:	13	13



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

	2016 No	2015 No
£30,001 to £40,000 p.a.	1	1
£40,001 to £50,000 p.a.	1	1
£50,001 to £60,000 p.a.	2	3
£60,001 to £70,000 p.a.	7	6
£90,001 to £100,000 p.a.	1	1
£120,001 to £130,000 p.a.	-	1
£130,001 to £140,000 p.a.	1	-
<b>Total</b>	<b>13</b>	<b>13</b>

There were no other staff, other than key management personnel, who received emoluments, excluding pension contributions but including benefits in kind, in excess of £60,000.

Key management personnel emoluments are made up as follows

	2016 £000s	2015 £000s
Salaries	864	838
Pension contributions	131	115
<b>Total emoluments</b>	<b>995</b>	<b>953</b>

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

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

	2016 £000s	2015 £000s
Salaries	131	130
Benefits in kind	-	-
Pension contributions	21	18
<b>Total emoluments</b>	<b>152</b>	<b>148</b>

**9 Other operating expenses**

	<b>2016</b>	<b>2015</b>
	<b>£000s</b>	<b>£000s</b>
Teaching costs	2,170	2,051
Non – teaching costs	1,452	1,686
Premises costs	1,695	2,532
<b>Total</b>	<b>5,317</b>	<b>6,269</b>

**Other operating expenses include:**

	<b>2016</b>	<b>2015</b>
	<b>£000s</b>	<b>£000s</b>
Auditors' remuneration:		
Financial statements audit	18	17
Internal audit	13	13
Other services provided by the internal auditors	9	2
Hire of assets under operating leases	28	31

**10 Interest and other finance costs**

	<b>2016</b>	<b>2015</b>
	<b>£000s</b>	<b>£000s</b>
On bank loans, overdrafts and other loans	19	12
Pension finance costs (note 24)	283	240
<b>Total</b>	<b>302</b>	<b>252</b>

**11 Tangible fixed assets**

	Land and Buildings			Assets in the course of construction	Total
	Freehold £000s	Long Leasehold £000s	Equipment £000s	£000s	£000s
<b>Cost or valuation</b>					
At 1 August 2015	53,346	1,100	6,168	-	60,614
Additions	-	-	277	1,324	1,601
Disposals	(593)	-	(277)	-	(870)
<b>At 31 July 2016</b>	<b>52,753</b>	<b>1,100</b>	<b>6,168</b>	<b>1,324</b>	<b>61,345</b>
<b>Depreciation</b>					
At 1 August 2015	1,615	154	5,099	-	6,868
Charge for the year	1,629	71	501	-	2,201
Elimination in respect of disposals	(70)	-	(277)	-	(347)
<b>At 31 July 2016</b>	<b>3,174</b>	<b>225</b>	<b>5,323</b>	<b>-</b>	<b>8,722</b>
<b>Net book value at 31 July 2016</b>	<b>49,579</b>	<b>875</b>	<b>845</b>	<b>1,324</b>	<b>52,623</b>
Net book value at 31 July 2015	51,731	946	1,069	-	53,746

If fixed assets had not been revalued before being deemed as cost on transition they would have been included at the following historical cost amounts:

	£000s
Cost	43,958
Aggregate depreciation based on cost	(5,469)
<b>Net book value based on cost</b>	<b>38,489</b>

**12 Endowments**

	2016 £000s	2015 £000s
Endowments	42	42
<b>Total</b>	<b>42</b>	<b>42</b>

**13 Debtors**

	2016 £000s	2015 £000s
Amounts falling due within one year:		
Trade receivables	142	129
Prepayments and accrued income	673	376
Amounts owed by the Skills Funding Agency	94	103
<b>Total</b>	<b>909</b>	<b>608</b>

**14 Current Investments**

	2016 £000s	2015 £000s
Short term deposits	5,850	5,600
<b>Total</b>	<b>5,850</b>	<b>5,600</b>

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

**15 Creditors: amounts falling due within one year**

	2016 £000s	2015 £000s
Bank loans and overdrafts	564	590
Trade payables	181	205
Payments received in advance	1,670	1,542
Other taxation and social security	512	466
Accruals and deferred income	1,994	1,941
Deferred income – government capital grants	217	221
Amounts owed to the Skills Funding Agency	25	243
<b>Total</b>	<b>5,163</b>	<b>5,208</b>

**16 Creditors: amounts falling due after one year**

	2016 £000s	2015 £000s
Other loans	-	64
Deferred income – government capital grants	5,980	4,885
<b>Total</b>	<b>5,980</b>	<b>4,949</b>

**17 Maturity of debt****Bank loans and overdrafts**

Bank loans and overdrafts are repayable as follows:

	2016 £000s	2015 £000s
In one year or less	564	590
Between one and two years	-	64
<b>Total</b>	<b>564</b>	<b>654</b>

A loan £500,000 was received in the financial year 2015 from Crofton Academy to support the construction of the Wakefield College Post 16 Centre on the Crofton Academy site. The provision of the loan and the erection of the Post 16 Centre are part of the Partnership Agreement between the two institutions. The loan is interest bearing (3.25% above Bank of England Base Rate) and is expected to remain in place for the duration of the Partnership Agreement but could be repayable on demand (subject to a six-month notice period).

The other 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.

**18 Provisions**

	<b>Defined benefit obligations £000s</b>	<b>Enhanced pensions £000s</b>	<b>Other £000s</b>	<b>Total £000s</b>
At 1 August 2015	8,210	3,614	-	11,824
Expenditure in the period	799	120	-	919
Additions in period	5,716	-	-	5,716
<b>At 31 July 2016</b>	<b>14,725</b>	<b>3,734</b>	<b>-</b>	<b>18,459</b>

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

The enhanced pension provision relates to the cost of staff who have already left the College's employment and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies

The principal assumptions for this calculation are:

	<b>2016</b>	<b>2015</b>
Price inflation	1.00%	1.75%
Discount rate	2.30%	3.46%

**19 Cash and cash equivalents**

	<b>At 1 August 2015 £000s</b>	<b>Cash flows £000s</b>	<b>Other changes £000s</b>	<b>At 31 July 2016 £000s</b>
Cash and cash equivalents	2,408	1,877	-	4,285
<b>Total</b>	<b>2,408</b>	<b>1,877</b>	<b>-</b>	<b>4,285</b>

## 20 Capital and other commitments

	2016 £000s	2015 £000s
Commitments contracted for at 31 July	5,680	267

Capital commitments at 2016 relate to the construction of the new Advanced Skills and Innovation centre. Grant receipts totalling £2,515k are expected towards these remaining costs.

## 21 Lease obligations

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

	2016 £000s	2015 £000s
<b>Future minimum lease payments due</b>		
<b>Other</b>		
Not later than one year	31	26
Later than one year and not later than five years	51	34
<b>Total</b>	<b>82</b>	<b>60</b>

## 22 Contingent liabilities

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 must ensure that it continues to meet the conditions of these grants in future years.

## 23 Events after the reporting period

There are no events after the reporting period.

## 24 Defined benefit obligations

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

### Total pension cost for the year

	2016	2015
	£000s	£000s
Teachers' Pension Scheme:	1,161	1,046
Local Government Pension Scheme:		
Contributions paid	688	685
FRS102(28) charge	516	356
Charge to the Statement of Comprehensive Income	1,204	1,041
Less amounts recognised as enhanced pension	(8)	(8)
Less amounts recognised as restructuring	-	(15)
Enhanced pension charge to the Statement of Comprehensive Income	-	82
<b>Total Pension Cost for year within staff costs</b>	<b>2,357</b>	<b>2,146</b>

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 2012 and of the LGPS 31 March 2013.

Contributions amounting to £94,000 (2015: £81,000) were payable to the scheme and are included in creditors.

### Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including 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 16.48% of pensionable pay (including administration fees of 0.08%);
- 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 £1,161,000 (2015: £1,046,000)

### **FRS 102 (28)**

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

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

### **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 2016 was £1,002,000 of which employer's contributions totalled £680,000 and employees' contributions totalled £322,000. The agreed contribution rates for future years are 12.9%. Employee contributions are between 5.5% and 12.5% dependent on the full time equivalent salary.

### **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 2016 by a qualified independent actuary.

	At 31 July 2016	At 31 July 2015
Rate of increase in salaries	3.30%	3.60%
Future pension increases	1.80%	2.10%
Discount rate for scheme liabilities	2.40%	3.60%
Inflation assumption (CPI)	1.80%	2.10%

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 2016 years	At 31 July 2015 Years
Retiring today		
Males	22.7	22.6
Females	25.6	25.5
Retiring in 20 years		
Males	24.9	24.8
Females	28.0	27.8

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

	% of total plan assets at 31 July 2016	Fair Value at 31 July 2016 £000s	% of total plan assets at 31 July 2015	Fair Value at 31 July 2015 £000s
Equity instruments	75.1	25,214	75.9	22,641
Debt instruments	15.4	5,170	15.0	4,474
Property	4.8	1,612	4.5	1,342
Cash	1.4	470	1.5	448
Other	3.3	1,108	3.1	925
<b>Total fair value of plan assets</b>	<b>100.0</b>	<b>33,574</b>	<b>100.0</b>	<b>29,830</b>

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

	2016 £000s	2015 £000s
Fair value of plan assets	33,574	29,830
Present value of plan liabilities	(48,163)	(37,911)
Present value of unfunded liabilities	(136)	(129)
<b>Net pensions liability</b>	<b>(14,725)</b>	<b>(8,210)</b>

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

	2016 £000s	2015 £000s
<b>Amounts included in staff costs</b>		
Current service cost	(1,204)	(1,025)
Past service cost	-	(16)
<b>Total</b>	<b>(1,204)</b>	<b>(1,041)</b>

**Amount recognised in Other Comprehensive Income**

Return on pension plan assets	2,331	1,417
Experience losses arising on defined benefit obligations	(8,047)	(2,848)
<b>Amount recognised in Other Comprehensive Income</b>	<b>(5,716)</b>	<b>(1,431)</b>

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

	2016 £000s	2015 £000s
Net defined benefit liability in scheme at 1 August	(8,210)	(6,183)
Movement in year:		
Current service cost	(1,204)	(1,025)
Employer contributions	688	685
Past service cost	-	(16)
Net interest on the defined liability	(283)	(240)
Actuarial loss	(5,716)	(1,431)
<b>Net defined benefit liability at 31 July</b>	<b>(14,725)</b>	<b>(8,210)</b>

**Asset and Liability Reconciliation**

	2016 £000s	2015 £000s
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	<b>38,040</b>	<b>33,134</b>
Current service cost	1,204	1,025
Interest cost	1,363	1,352
Contributions by Scheme participants	322	311
Experience gains and losses on defined benefit obligations	8,047	2,848
Changes in financial assumptions		
Estimated benefits paid	(677)	(646)
Past Service cost	-	16
<b>Defined benefit obligations at end of period</b>	<b>48,299</b>	<b>38,040</b>

**Changes In fair value of plan assets**

<b>Fair value of plan assets at start of period</b>	<b>29,830</b>	<b>26,951</b>
Interest on plan assets	1,080	1,112
Return on plan assets	2,331	1,417
Employer contributions	688	685
Contribution by Scheme participants	322	311
Estimated benefits paid	(677)	(646)
<b>Fair value of plan assets at end of period</b>	<b>33,574</b>	<b>29,830</b>

**25 Related party transactions**

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

The total expenses paid to or on behalf of the Governors during the year was £393; 1 governor (2015: £371, 2 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and other events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2015: Nil)

Tony Rex, Assistant Principal for Academic, HE and International, holds unpaid directorships with two organisations with which the College has a business relationship. The organisations and the value of business transacted is set out below:

		<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
Theatre Royal Wakefield:	Payments to:	3,000	1,000
	Income from:	15,000	11,000
Cambridge Access Validating Agency:	Payments to:	19,000	16,000

**26 Amounts disbursed as agents**

	2016 £000s	2015 £000s
Funding body grants – bursary support	731	753
Funding body grants – discretionary learner support	176	214
Other funding body grants	-	2
<b>Sub Total</b>	<b>907</b>	<b>969</b>
Disbursed to students	(683)	(716)
Administration costs	(33)	(36)
<b>Balance unspent as at 31 July, included in creditors</b>	<b>191</b>	<b>217</b>

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

**27 Transition to FRS102 and the 2015 FE HE SORP**

The year ended 31st July 2016 is the first year that the College has presented its financial statements under FRS 102 and the 2015 FE HE SORP. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31st July 2015 and the date of transition to FRS 102 and the 2015 FE HE SORP was therefore 1st August 2014. As a consequence of adopting FRS 102 and the 2015 FE HE SORP, a number of accounting policies have changed to comply with those standards.

An explanation of how the transition to FRS 102 and the 2015 FE HE SORP has affected the College's financial position, financial performance and cash flows, is set out below.

	Note	1 August 2014 £000s	31 July 2015 £000s
--	------	---------------------------	--------------------------

### Financial Position

<b>Total reserves under previous SORP</b>		<b>41,955</b>	<b>40,372</b>
Release of non-government capital grants	(a)	95	30
Prior period pension adjustment	(c)		(21)
<b>Total effect of transition to FRS102 and 2015 FE HE SORP</b>		<b>95</b>	<b>9</b>
<b>Total reserves under 2015 FE HE SORP</b>		<b>42,050</b>	<b>40,381</b>

	Notes	Year ended 31 July 2015 £000s
--	-------	--

### Financial performance

<b>Surplus for the year after tax under previous SORP</b>		<b>517</b>
Reversal of capital grants amortisation	(a)	(65)
Pensions provision-actuarial loss	(d)	(1,431)
Changes to measurement of net finance cost on defined benefits	(b)	(690)
<b>Total effect of transition to FRS102 and 2015 FE HE</b>		<b>(2,186)</b>
<b>Total comprehensive income for the year under 2015 FE HE SORP</b>		<b>(1,669)</b>

**a) Non-government grants accounted for under performance model**

The College has previously been in receipt of certain capital grants from sources other than those classified as “government” under FRS 102 and the 2015 FE HE SORP. Under the previous UK GAAP and 2007 SORP, these were able to be capitalised and amortised over the remaining useful economic life of the relevant fixed assets. This accounting treatment is no longer available for non-government grants and the grants have therefore been accounted for under the performance model and treated as if they had been credited to Comprehensive Income immediately that the performance conditions had been met. A corresponding adjustment has been made to the income recognised in the 2015 results that related to the annual amortisation of the capital grants involved.

**b) Change in recognition of defined benefit plan finance costs**

The net pension finance cost recognised in the Income and Expenditure account for the year ended 31st July 2015 under the previous UK GAAP was the net of the expected return on pension plan assets and the interest on pension liabilities. FRS 102 requires the recognition in the Statement of Comprehensive Income, of a net interest cost, calculated by multiplying the net plan obligations by the market yield on high quality corporate bonds (the discount rate applied). The change has had no effect on net assets as the measurement of the net defined benefit plan obligation has not changed. Instead, the decrease in the surplus for the year has been mirrored by a reduction in the actuarial losses presented within Other Comprehensive Income.

**c) Prior period adjustment**

The prior period adjustment relates to a difference on the pension scheme liability identified when preparing the 2016 financial statements that relates to the prior period.

**d) Presentation of actuarial gains and losses within Total Comprehensive Income**

Actuarial gains and losses on the College’s defined benefit plans were previously presented in the Statement of Total Recognised Gains and Losses (STRGL), a separate statement to the Income and Expenditure account. All such gains and losses are now required under FRS 102 to be presented within the Statement of Comprehensive Income, as movements in Other Comprehensive Income.