

wakefieldcollege

Financial Statements 2016/17



Silver

Teaching
Excellence
Framework



WAKEFIELD COLLEGE
FINANCIAL STATEMENTS FOR THE
YEAR ENDED
31 JULY 2017

Key Management Personnel, Board of Governors and Professional Advisers

Key management personnel

Key management personnel are represented by the following in 2016/17:

Post Title	Post Holder	Date Appointed	Date of Resignation
Principal and Chief Executive and Accounting Officer	Sam Wright	01/03/2011	N/A
Deputy Principal and Chief Financial Officer	John Foster	27/04/2009	05/04/2017
Executive Director: Finance and Resources	Jason Pepper	12/06/2017	N/A
Executive Director: Quality and Planning	Sue Slassor	01/09/1991	N/A
Executive Director: Curriculum	Lisa Macdonald	01/02/2012	N/A
Executive Director: Student Experience and Student Support	Clare Allcock	14/05/2012	N/A
Executive Director: Human Resources and Organisational Development	Karen Sykes	30/09/2002	N/A
Executive Director: Employer Engagement and Apprenticeships	Joanne Taylor	01/01/2017	N/A
Assistant Principal: Commercial Development and External Relations	Ian Wainwright	01/08/2011	N/A
Assistant Principal: Academic, HE and International	Tony Rex	18/02/2002	N/A
Assistant Principal: Inclusion and Partnerships	Jo Simister	06/09/2004	31/12/2016
Director: Estates	Jon Howard	04/01/2005	N/A
Director: Higher Education	Clare Hagerup	10/09/2014	N/A
Clerk to Corporation	Nils Elgar	07/02/2005	N/A

Board of Governors

A full list of Governors is given on page 21 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 Priors
Queensway
Birmingham
B4 7LR

Solicitors:

Eversheds LLP
Bridgewater Place
Water Lane
Leeds
LS11 5DR

Insurance Brokers:

Zurich Municipal
1st 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

Contents	Page number
Key Management Personnel	2
Professional Advisors	3
Report of the Governing Body	5
Key Developments	5
Nature, Objectives and Strategy	5
Financial Position	8
Current and Future Development and Performance	10
Disclosure of information to Auditors	19
Statement of Corporate Governance and Internal Control	20
Members who served the Corporation since August 2016	20
Statement of Regularity, Propriety and Compliance	29
Statement of Responsibilities of the Members of the Corporation	30
Independent Auditor's Report to the Corporation of Wakefield College	32
Reporting Accountant's Assurance Report on Regularity to the Corporation of Wakefield College and the Secretary of State for Education acting through the Department for Education ("the Department")	35
Statement of Comprehensive Income	37
Statement of Changes in Reserves	38
Balance Sheet as at 31 July	39
Statement of Cash Flows	40
Notes to the Financial Statements for the Period 1 August 2016 to 31 July 2017	41 - 64

Report of the Governing Body

The members present their report and the audited financial statements for the year ended 31 July 2017.

Key Developments

- Graded as 'Requires Improvement' following an OFSTED inspection in March 2017.
- Delivered a material improvement in achievement rates for 16-18 learners (Level 1 +5%, Level 2 +7%, Level 3 +7%).
- Delivered a material improvement in achievement for learners enrolled on Access programmes (+7%).
- Delivered a material improvement in 16-18 GCSE English and maths attainment (29% grade A-C compared to a national rate of 19%).
- Successfully completed the construction of the Advanced Skills and Innovation Centre on time and to budget. This building provides a state of the art centre for the delivery of higher-level skills to the Wakefield District.
- Achieved an overall student satisfaction rate of 91% in the National Student Survey for Higher Education.
- Achieved a silver award for teaching excellence under the Higher Education Teaching Excellence Framework.

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.

The College's registered address is Margaret Street, Wakefield, West Yorkshire, WF1 2DH.

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

Wakefield College is an exempt charity under Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016, is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 21.

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.

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 2016/17 has been excellent with the vast majority of objectives met.

Key objectives achieved include:

- Developed and implemented a managed service to enable employers to navigate the Apprenticeship reforms including appointing a new Executive Director of Employer Engagement and Apprenticeships and a new, customer focussed team.
- Made significant progress in our ambitions to promote higher level skills in the District through the development of the Advanced Skills and Innovation Centre which officially opened in October 2017. This £7m scheme is already helping to raise aspirations to undertake higher level education and training within the District and address skills gaps.
- Established a work-placement team to ensure students are appropriately supported to get the most out of placement and develop employability skills.
- Established a High Performance team, tasked with supporting teachers to secure rapid improvements in the quality of Teaching, Learning and Assessment. This team is growing and is highly effective.

- Devised and delivered a student performance aimed at enhancing young people's understanding of radicalisation and the Prevent agenda. The performance has been picked up by West Yorkshire Police as a training aid.

Financial Objectives

(i) To continue to demonstrate through the financial plan that our property strategy is deliverable.

This target has been achieved. The College completed the construction of the Advanced Skills Innovation Centre during the year ended 31 July 2017. This building was financed in part by a grant from the West Yorkshire Combined Authority, and completed on time and to budget.

The College also completed the purchase of the Registry of Deeds in July 2017.

Both of these acquisitions were key elements of the College property strategy last considered by the Governing Body in October 2016, and in line with previous and current financial plans.

(ii) To increase 'other income' to 22% of turnover.

This target has not been achieved. 'Other income' was 20.5% of turnover in the year ending 31 July 2017.

(iii) To make full use of the Advanced Learning Loan Facility allocated to the College.

This target has not been achieved. The College was allocated an advanced learning loan facility of £628,000 for the year ended 31 July 2017. £527,000 or 84% of this was utilised. This was an improvement on the £403,000 (56% of £722,000) loan facility utilised in the previous financial year, explained in part by the change in loan eligibility criteria.

(iv) To ensure that staffing costs were no more than 70% of eligible income.

This target has been achieved. Staffing costs were 67.2% of eligible income for the year ended 31 July 2017. This was an improvement on the figure of 68.4% that was achieved in the previous financial year.

(v) To retain at least 'good' financial health.

This target has been achieved. Using the Education & Skills Funding Agency criteria, the College's financial health was 'Outstanding' for the year under review.

Performance Indicators

The College is committed to observing the importance of sector measures and indicators and uses the Qualification Achievement Rate report and the DfE Performance Tables as to consider measures such as achievement rates and value added.

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 achievement 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, retention and achievement of the Loan facility.

Indicators that performed particularly well were retention and 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 £717,000 but, after pension service costs of £1,238,000 (2015/16: operating deficit of £600,000, after a loss on disposal of assets of £524,000 and pension service costs of £799,000).

It should be noted that the result reported is after property related expenditure of £667,000 (2015/16: £294,000) which relates to refurbishment works to support the College's property strategy.

Tangible fixed asset additions during the year amounted to £6,275,000 (2015/16: £1,601,000).

The College relies significantly on the education sector funding bodies as its principal funding source, largely from recurrent grants. In 2016/17, based on the College's management accounts, the funding bodies provided 79.7% of the College's total income (2015/16: 78.7%).

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 £92,000 of investment income (2015/16: £86,000) 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 £5,849,000 during the year (2015/16: £3,750,000).

The College's cash and investment balances stood at £9,719,000 (31 July 2016: £10,135,000). 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 any organisation, and ensures that there are adequate reserves to support the College's core activities. The College currently has a small restricted reserve, the result of a past legacy. As at the balance sheet date, the Total Unrestricted Reserves stand at £39,727,000 (2016: £34,065,000).

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

Financial Health

The College is required to complete the annual Finance Record for the Education and Skills Funding Agency ("ESFA"). The Finance Record produces a financial health grading. The current rating of 'Outstanding' by the ESFA is considered an appropriate assessment.

Student Numbers

In 2016/17 the College delivered activity that produced £20,724,000 in funding body main allocation from the ESFA (2015/16 - £19,734,000). Total student numbers in year were 8,275; this includes learners funded by our main funding bodies in addition to learners funded from other sources (2015/16 – 8,729).

Students' achievements

Overall picture by Level and Age

Overall, achievement rates (formerly success rates) have increased pleasingly at Levels 1, 2 and 3 for 16-18 year olds as follows: L1 + 5% points; L2 + 7% points; L3 + 7% points. These improvements are due primarily to improvements in retention rather than pass rates. We do not yet have the latest national rates against which to compare our performance, but most recent available rates indicate that we are now 3% points above national rate at Level 1, 2% points above Level 2, and in national rate at Level 3. This represents a significant improvement on performance in 2015-16 when the situation was -2% points at Level 1, -5% at Level 2, and -7% at Level 3.

For adults, achievement rates have improved at Levels 2 and 4, up by 4% points at both levels. However, they have declined at Levels 1 and 3.

Achievement rates are below most recently published national rates at Levels 1, 2 and 3.

Data for HE and Apprenticeship provision is not yet finalised.

Curriculum Developments

The College offers a wide range of academic and vocational provision, which is responsive to local and regional needs. During the year ending 31 July 2017, several curriculum areas have gained significant achievement rate improvements, and the College remains focussed on the continuous improvement of teaching and learning. The following developments are worthy of note:

OFSTED Inspection

The College was inspected by OFSTED in March 2017, and judged to be 'requires improvement'. Provision for learners with high needs was judged to be 'good'.

A-Levels

- All first year A-Levels this year are now linear 2-year programmes.
- AS-Level achievement increased from 62% to 71% (retention increased from 84% to 92% and pass rate 73.4% to 77.3%).
- A2 achievement remains above 95%.
- The College saw its first student enter Cambridge University.

Science

- The BTEC in Extended Applied Science saw 50% of students achieve DMM and above. More specifically, 3 had D*D*D*, 4 had D*D*D, 2 had D*DD (so 9 with three Distinctions), 3 with DDM and 3 with DMM.

Performing Arts & Music

- Students from across this department once again presented their festival of music, dance and theatre which attracted over 1500 visitors and included productions and performances at the Theatre Royal and the Unity Works Long Division Festival, supported by practitioners working in the industry.
- The Music Department hosted an extremely successful Industry Day with a number of fantastic speakers including Wakefield band The Cribs. This event was one of the first to be held in the new Advanced Skills & Innovation Centre (ASIC) building.
- Performing Arts took part in MOVE IT; the U.K.'s biggest dance and performing arts event. With over 26,500 visitors MOVE IT was an important opportunity for dancers, brands, schools and professionals to come together to perform, learn about and celebrate the very best of dance and performing arts across 3 days at ExCel, London.
- In February 2017 our Level 3 Drama students devised and performed a Prevent performance working with Richard Marsh (West Yorkshire Counter Terrorism Unit) to ensure that they fully understood both the Prevent agenda and issues of radicalisation within the Wakefield district. The piece was then performed to Wakefield College students over 13 shows, and has been filmed by West Yorkshire Police with a view to using the performance nationwide to promote understanding of Prevent.

Media & Design

- One of our photography students is chronicling the people of Wakefield for a project that will be turned into a book. Cerys Dyson, 22, of Altofts, said: "The Humans of Wakefield exists to document the lives and stories of people within the city - to break the stereotypes and cultures we're known for. I have been registered as sight impaired for many years now. I live with several other physical challenges but I am delighted to be doing photography at Wakefield College."

Art & Design

- Wakefield College students studying on the Extended Diploma in Fashion and Textiles presented an amazing collection of garments during a live catwalk show at The Ridings. This was a fantastic opportunity to display the work of their final collection, based on the theme of 'Wakefield'. The students also took part in a larger exhibition at the Hepworth Gallery in June, where their garments were displayed.

Animal Care and Horticulture

- 4 learners completed a 3 week work experience at the Bottlenose Dolphin Research Institute in Galicia, Spain.
- This year saw the opening of our in-house Horticulture Centre. Plans are underway to use this as a base for providing grounds keeping and horticultural maintenance services for the College.

Hospitality and Catering

- 4 students completed a work experience placement at the luxury Hilton Holiday resort in Saint Julian in Malta. One learner was offered a summer job as a result and went back to Malta in summer 2017.
- All Level 1 learners completed a barista and customer care work placement with Starbucks in Wakefield.

Hair and Beauty

- A student won first place at World Skills final in Birmingham in the Nail Technique competition.
- A student won first place at World Skills final in Birmingham in the media make up competition.

Sport

- The College has been awarded Talented Athlete Scholarship Status (TASS) in recognition of being 'the perfect Dual Career environment for student athletes to be able to achieve their potential'.
- 2016/17 saw the College ladies rugby team play in the Association of Colleges League for the first time.

Construction

- Our Construction Skills Certification Scheme testing facility is now operating successfully and attracting external candidates.
- The Construction Department is working with Keepmoat Homes Ltd to establish a Construction Hub for the region.
- Retention of construction students improved by 12% in 2016/17 to 94%.
- Departmental outcomes for learners are now outstanding, with a 15% improvement in departmental taking overall success rates to over 93%.

Care & Early Years

- The College established a working relationship with Wakefield District Council Early Years Development Team and with local childcare providers to ensure learners leave with skills of observation, assessment and planning that mirror those required to work in local area settings.
- High numbers of A* - B grades were achieved by Level 3 Early Years and Health and Social Care students in NCFE CACHE externally controlled assessments.
- Students worked with the College Estates team to plan and develop an outdoor 'Forest Play' area that will benefit children and families in the local area, and ultimately enable students to offer Forest Play sessions.

Automotive Studies

- The College developed a partnership with Yamaha Europe, providing excellent resources and training opportunities for students and teaching staff.
- The Automotive Studies team achieved Showcase Centre of Excellence status from the awarding body ABC Awards.

Engineering

- Engineering students were nominated for the Institute of Engineering Technology prize for student excellence.

Foundation Learning

- The Foundation Learning team introduced Ready Get Set provision; curriculum designed to prepares students for work placement with a progression on to the Get Set Supported Internship programme.
- Ready Get Set students attended 6 different work tasters last year.
- Get Set gained 7 new employers who have offered work placements for students.
- Two students gained paid positions from their work placement on Get Set.
- The Foundation Learning team developed a supported employment team.
- The team developed a course to prepare adult (19+) learners for employment or self-employment.
- A successful series of work placement opportunities for a small cohort of FLEX students was delivered as part of a pilot programme.

Alternative Curriculum

- 27 students from VIP were enrolled onto mainstream programmes in 2017/18.

Additional Learning Support

- Additional Learning Support SENDCo's gained a nationally recognised SENDCo qualification to support implementation of SEND reform.
- The College Additional Learning Support service gained good feedback from OFSTED during the March 2017 inspection.
- SENDCo's engaged in effective multi-agency working with local authorities regarding consultations and the review of individual Education Health & Care Plans.
- The College continued to be actively involved in and represented on the Wakefield Local Authority SEND board, including curriculum and quality working groups.
- College SENDCo's continued to engage effectively with Local Authority Learning Support Services.

Leisure & Tourism

- Leisure and Tourism students benefitted from an extensive range of trips and visits to destinations that included London, the Yorkshire Dales, Paris and Amsterdam.

- Level 3 students organised a successful industry conference that included organisations such as STA Travel, MaxSki, Virgin Rail, Jet2 and British Airways.
- Students experienced industry standard air cabin crew staff training that included the navigation of smoke filled cabins, emergency evacuation, water ditching, and the deployment and use of emergency slides.
- Two students secured employment with different airlines.

Business Enterprise

- Business Enterprise students were provided with a small amount of money to develop a business and apply their skills and knowledge from the course to see through a business development plan. All profits were donated to charity.
- Students enjoyed trips to Xscape and the Trafford Centre to understand market positioning and ways and means of developing a business further.

Computing

- Feedback from our Computing students was used at the Summer Staff Conference to show the great work the team do to support students to gain the best possible grades and develop the confidence necessary to progress successfully into work.

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 93.9% of its invoices within 30 days (2015/16– 94.3%). 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 £19.6m for the 2017/18 financial year. This includes funding from the Higher Education Council for England which has been confirmed at £330,000 for the same period.

The Advanced Skills and Innovation Centre (ASIC) opened in 2017; 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.

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 £56.8m of tangible assets.
- Full time equivalent staff paid in year amounted to 530, of which 366 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 20.

The College's risk environment is monitored regularly by College managers, the Executive Team 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, apprenticeship reforms and devolution of adult funding.
- 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.

The College is aware of several issues which may impact on future funding, including apprenticeship reforms and the devolution of the adult education budget. The College, in conjunction with its key stakeholders, is developing a strategy for growth in response to the devolution agenda and to the apprenticeships reform. It is recognised that the introduction of the apprenticeship levy will significantly affect that marketplace though the full implications are not yet known as government policy continues to develop.

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 Equality and Diversity Policy Statement is published on the College's website, along with a corresponding set of Equality Objectives and Datapack. 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 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 12 December 2017
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 2016 to 31 July 2017 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 the Code of Good Governance in August 2017.

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 2016

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	May 17	Student	-	5/5 (Board)
Kieran Audsley	Oct 17	1 year		Student	-	
Matthew Butler	Jul 16	1 year	May 17	Student	-	4/5 (Board)
David Caddies	Jan 14	4 years	Sep 17	External	Remuneration (Chair)	3/6 (Board) 1/1
Paul Campbell (Chair)	Jul 09/ July 13/ Jul 17	18 months	-	External	Remuneration Search	6/6 (Board) 1/1 2/2
Emma Elvin	Jul 16	4 years	-	External	Audit	6/6 (Board) 1/2
Dmitry Fedotov	Jul 17	4 years	-	External	-	
Karen Hands	Jul 17	4 years	-	External	-	
Eunice Ma	Feb 17	4 years	-	External	-	3/3 (Board)
Andrew McConnell (Vice Chair)	Oct 06/ Oct 10/ Oct 14/ Jan 17	2 years	-	External	Audit Remuneration Search (Vice Chair)	6/6 (Board) 2/3 1/1 2/2
Debbie Moss	Jul 15	4 years	-	Staff	-	4/6 (Board)
Rebecca Osborne	Jul 17	4 years	-	External	-	
Ian Parsons	Dec 15 Jan 17	3 years	-	External	Audit (Chair from Sept 16)	5/6 (Board) 3/3
Andy Wallhead	May 11/ May 15	4 years	-	External	Audit (Vice Chair from Nov 16)	4/6 (Board) 3/3
Jane Walton	Oct 09/ Oct 13	4 years	Oct 17	External	Search (Chair) Remuneration	6/6 (Board) 2/2 0/1
Andrew Watts	Nov 14	4 years	-	Staff	Audit	6/6 (Board) 3/3
Tony Williams	Jul 17	4 years	-	External	-	
Sam Wright	Mar 11	n/a	-	Principal	Search	6/6 (Board) 2/2

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 Principal and 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 2016/17, this included:

- The College's compliance against the English Colleges' Code of Good Governance. A few minor gaps were identified. The Board agreed to adopt the Code for the start of 2017/18;
- a review of the Corporation's governance arrangements. This included the first formal review of the College's Instrument and Articles of Government, which resulted in a number of amendments to permit greater flexibility going forward. It was 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 88%, remained high and at the upper end of the college sector.
- Key themes arising from the appraisal of the Chair of Governors in 2017 includes:
 - i) encouraging a balance of contributions by Governors at Board meetings;
 - ii) ensuring Board agendas address the key strategic issues facing the College;
 - iii) succession planning for the Vice-Chair role;
 - iv) continuing to improve College performance monitoring and;
 - v) ensuring governance self-assessment is robust and delivering improving outcomes.
- 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 2017 are set out in Note 8 to the financial statements.

Audit Committee

The Audit Committee comprises five 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 2017 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 2017 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 Executive Team.

The College has an Internal Audit Service (IAS) which operates in accordance with the requirements of the ESFA's Post-16 Audit Code of Practice 2016 to 2017 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 Executive 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 Executive 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 Executive Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2017 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2017 by considering documentation from the Executive Team and internal audit, and taking account of events since 31 July 2017.

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.

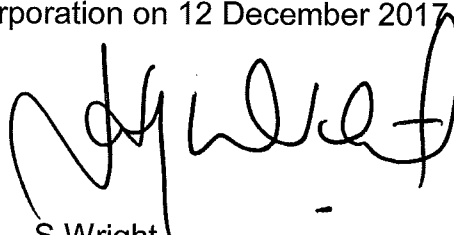
The College has a long history of generating positive cash flows from operations and controlling costs through a robust process of business review.

The College's financial plan shared with the Education and Skills Funding Agency in July 2017 demonstrated an ability to continue with its plans for investment and generate cash from its operating activities.

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 12 December 2017 and signed on its behalf:


P Campbell
Chair of Corporation

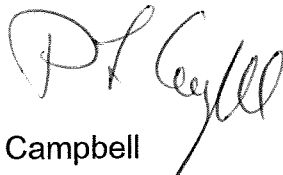

S Wright
Accounting Officer

Statement of Regularity, Propriety and Compliance

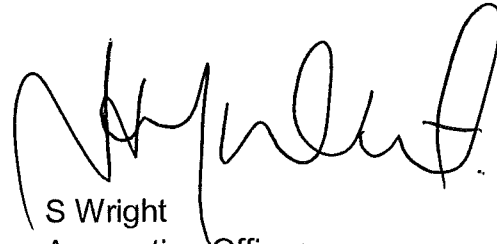
The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the college's financial memorandum. As part of our consideration we have had due regard to the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



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 with the Education and Skills Funding Agency (ESFA), 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 *College Accounts Direction for 2016 to 2017* issued jointly by the ESFA 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 Education and Skills Funding Agency are used only in accordance with the Financial Memorandum with the Education and 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 Education and Skills Funding Agency are not put at risk.

Approved by order of the members of the Corporation on 12 December 2017 and signed on its behalf by:



Paul Campbell

Chair of Corporation

Independent Auditor's Report to the Corporation of Wakefield College

Opinion

We have audited the financial statements of Wakefield College (the College) for the year ended 31 July 2017 which comprise Statement of Comprehensive Income, Statement of Charges in Reserves, Balance Sheet, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2017 and of the deficit of income over expenditure for the year then ended; and
- have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice – Accounting for Further and Higher Education issued in March 2014.

Basis for opinion

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

Who are we reporting to

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or the Corporation have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the College's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Corporation are responsible for the other information. The other information comprises the information included in the annual report, set out on pages 2 to 31 other than the financial statements and our auditor's report thereon. The Corporation are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 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 College; or
- the College annual accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Corporation for the financial statements

As explained more fully in the Statement Responsibilities of the Corporation set out on page 30, the College's Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Grant Thornton UK LLP

Peter Edwards

Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

SHEFFIELD

18 December 2017

Reporting accountant's assurance report on regularity

To the corporation of Wakefield College and Secretary of State for Education acting through the Department for Education ('the Department')

In accordance with the terms of our engagement letter dated 8 June 2017 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 2016 to 31 July 2017 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

This report is made solely to the corporation of Wakefield College, as a body, and the Department, 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 the Department 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 Department, 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 by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that, in all material respects, expenditure disbursed and income received during the period 1 August 2016 to 31 July 2017 have not been applied to purposes

intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued by the Department. 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 2016 to 31 July 2017 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

Grant Thornton UK LLP
Chartered Accountants
Sheffield

18 December 2017

Statement of Comprehensive Income

	Notes	Year ended 31 July 2017 £000s	Year ended 31 July 2016 £000s
INCOME			
Funding body grants	2	22,075	21,124
Tuition fees and education contracts	3	4,535	4,708
Other grants and contracts	4	111	120
Other income	5	326	304
Investment income	6	92	86
Donations and Endowments	7	1	1
Total income		27,140	26,343
EXPENDITURE			
Staff costs	8	18,964	18,492
Fundamental restructuring costs	8	146	107
Other operating expenses	9	6,265	5,317
Depreciation	11	2,120	2,201
Interest and other finance costs	10	362	302
Total expenditure		27,857	26,419
Deficit before other gains & losses		(717)	(76)
Loss on disposal of assets	11	-	(524)
Deficit for the year		(717)	(600)
Actuarial gain/(loss) in respect of pensions	23	6,379	(5,716)
Total Comprehensive Income for the year		5,662	(6,316)

All of the above activities relate to continuing operations.

The notes on pages 41 to 64 form part of these financial statements.

Statement of Changes in Reserves


	Restricted Reserve £000s	Income and expenditure account £000s	Revaluation reserve £000s	Total £000s
Balance at 1 August 2015	42	25,248	15,133	40,423
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)	-
Total comprehensive income for the year	-	(5,179)	(1,137)	(6,316)
Balance at 31 July 2016	42	20,069	13,996	34,107
Deficit from the income and expenditure account	(1)	(717)	-	(718)
Other comprehensive income	-	6,379	-	6,379
Transfers between revaluation and income and expenditure reserves	-	588	(588)	-
Total comprehensive income for the year	(1)	6,250	(588)	5,661
Balance at 31 July 2017	41	26,319	13,408	39,768

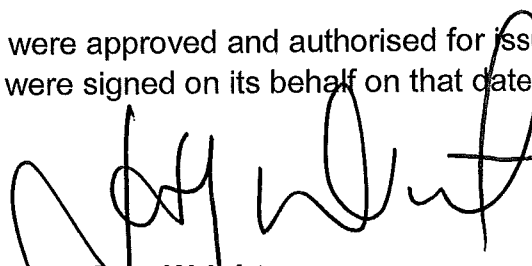
The notes on pages 41 to 64 form part of these financial statements.

Balance Sheet as at 31 July

	Notes	2017 £000s	2016 £000s
Non-current assets			
Tangible fixed assets	11	56,778	52,623
Endowments	12	41	42
		56,819	52,665
Current assets			
Trade and other receivables	13	784	909
Investments	14	8,100	5,850
Cash and cash equivalents	18	1,619	4,285
		10,503	11,044
Less: Creditors – amounts falling due within one year	15	(6,257)	(5,163)
Net current assets		4,246	5,881
Total assets less current liabilities		61,065	58,546
Creditors – amounts falling due after more than one year	16	(8,122)	(5,980)
Provisions			
Defined benefit obligations	17	(9,584)	(14,725)
Other provisions	17	(3,591)	(3,734)
Total net assets		39,768	34,107
Restricted reserves: Walshaw Fund		41	42
Unrestricted Reserves			
Income and expenditure account		26,319	20,069
Revaluation reserve		13,408	13,996
Total unrestricted reserves		39,727	34,065
Total reserves		39,768	34,107

The financial statements on pages 37 to 64 were approved and authorised for issue by the Corporation on 12 December 2017 and were signed on its behalf on that date by:


Paul Campbell
 Chair


Sam Wright
 Accounting Officer

Statement of Cash Flows

	Notes	2017 £000s	2016 £000s
Cash flow from operating activities			
Deficit for the year		(717)	(600)
Adjustment for non-cash items			
Depreciation		2,120	2,201
Decrease/(increase) in debtors		125	(301)
Increase/(decrease) in creditors due within one year		1,158	(19)
Increase in creditors due after one year		2,142	1,094
(Decrease)/increase in provisions		(143)	120
Pension costs less contributions payable		894	516
Adjustment for investing or financing activities			
Investment income		(92)	(87)
Interest payable		362	302
Loss on sale of fixed assets		-	524
Net cash flow from operating activities		5,849	3,750
Cash flows from investing activities			
Disposal of non-current asset investments		92	87
New deposits		(2,250)	(250)
Payments made to acquire fixed assets		(6,275)	(1,601)
		(8,433)	(1,764)
Cash flows from financing activities			
Interest paid		(18)	(19)
New unsecured loans		-	-
Repayments of amounts borrowed		(64)	(90)
		(82)	(109)
(Decrease)/increase in cash and cash equivalents in the year		(2,666)	1,877
Cash and cash equivalents at beginning of the year	18	4,285	2,408
Cash and cash equivalents at end of the year	18	1,619	4,285

Notes to the Financial Statements for the Period 1 August 2016 to 31 July 2017

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 2016 to 2017 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of Accounting

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

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding

body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the Statement of Comprehensive Income. 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.

Capital grant funding

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

Fee income

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.

Investment income

All income from short-term deposits is credited to the Statement of Comprehensive Income in the period in which it is earned on a receivable basis.

Agency Arrangements

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

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the Statement of Comprehensive Income in the periods during which services are rendered by employees.

West Yorkshire Local Government Pension Scheme (LGPS)

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

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

Actuarial gains and losses are recognised immediately in the actuarial gains and losses.

Short term Employment benefits

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

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 Statement of Comprehensive Income 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.

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

Land and buildings

Freehold land is not depreciated as it is considered to have an infinite useful life.

Freehold buildings are depreciated over their expected useful economic life to the College of between 5 and 44 years.

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 Statement of Comprehensive Income in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

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

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

Leased Assets

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

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 around 3% 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 Statement of Comprehensive Income in the period it arises.

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

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

During the year the College amended the useful economic life of modular buildings on land owned by a third party. This extended the useful economic life from 10 to 24 years and reduced depreciation in the current year amounted to £60,000. 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 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2017. 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 2017 £000s	Year ended 31 July 2016 £000s
Recurrent grants		
Education and Skills Funding Agency - adult	2,058	1,982
Education and Skills Funding Agency – 16-18	16,792	15,917
Education and Skills Funding Agency - apprenticeships	1,841	1,772
Higher Education Funding Council	468	423
Specific Grants		
Education and Skills Funding Agency - Other	206	153
Releases of government capital grants	180	174
Local Education Authorities	530	703
Total	22,075	21,124

£2,000 included above within Education Funding Agency – 16-18 recurrent grant of £16,792,000 excludes payments to partner organisations. Total income claimed in the year and the related payments to partners was as follows:

	2017 £000s	2016 £000s
Education and Skills Funding Agency - recurrent grant	10	113
Payments to non-College partners	(8)	(90)
Total	2	23

3 Tuition Fees and Education Contracts

	2017 £000s	2016 £000s
UK Higher education students	2,609	2,734
UK Further Education students	1,410	1,385
Apprenticeship Fees	97	106
International students fees	90	105
Total fees paid on behalf of individual students	4,206	4,330
Education contracts	169	160
Apprenticeship contracts	160	218
Sub Total	329	378
Total	4,535	4,708

4 Other Grants and Contracts

	2017 £000s	2016 £000s
European Commission	35	65
Other grants and contracts	76	55
Total	111	120

5 Other Income

	2017 £000s	2016 £000s
Non-government capital grants	89	47
Miscellaneous income	237	257
Total	326	304

6 Investment Income

	2017 £000s	2016 £000s
Other investment income	92	86
Total	92	86

7 Donations

	2017 £000s	2016 £000s
Unrestricted donations	1	1
Total	1	1

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:

	2017 No	2016 No
Teaching Staff	231	236
Student Support	145	140
Non-teaching Staff	154	144
	530	520

Staff costs for the above persons

	2017 £000s	2016 £000s
Wages and salaries	14,433	14,709
Social security costs	1,171	986
Other pension costs	2,793	2,357
Payroll sub total	18,397	18,052
Contracted out staffing services	567	440
Total	18,964	18,492
Fundamental restructuring costs – Contractual	146	107
Total Staff costs	19,110	18,599

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 (page number 2) in these financial statements.

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

	2017 No	2016 No
The number of key management personnel including the Accounting Officer was:	14	13

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

	2017 No	2016 No
£10,001 to £20,000 p.a.	1	-
£20,001 to £30,000 p.a.	1	-
£30,001 to £40,000 p.a.	2	1
£40,001 to £50,000 p.a.	1	1
£50,001 to £60,000 p.a.	3	2
£60,001 to £70,000 p.a.	5	7
£90,001 to £100,000 p.a.	-	1
£130,001 to £140,000 p.a.	1	1
Total	14	13

There were no other staff, other than key management personnel listed on page 2, 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

	2017 £000s	2016 £000s
Salaries	785	864
Employers National Insurance	94	94
	879	958
Pension contributions	119	131
Total emoluments	998	1,089

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:

	2017 £000s	2016 £000s
Salaries	131	131
Benefits in kind	-	-
Pension contributions	22	21
Total emoluments	153	152

Compensation for loss of office paid to former key management personnel

	2017	2016
	£000s	£000s
Compensation paid to the former post-holder - contractual	11	-

The severance payment was approved by a committee authorised to do so by the College's Board of Governors.

9 Other operating expenses

	2017	2016
	£000s	£000s
Teaching costs	2,133	2,170
Non – teaching costs	2,022	1,452
Premises costs	2,110	1,695
Total	6,265	5,317

Other operating expenses include:

	2017	2016
	£000s	£000s
Auditors' remuneration:		
Financial statements audit	19	18
Internal audit	14	13
Other services provided by the internal auditors	-	9
Hire of assets under operating leases	32	28

10 Interest and other finance costs

	2017	2016
	£000s	£000s
On bank loans, overdrafts and other loans	18	19
Pension finance costs (note 23)	344	283
Total	362	302

11 Tangible fixed assets

	Land and Buildings			Assets in the course of construction	
	Freehold	Long Leasehold	Equipment		Total
	£000s	£000s	£000s	£000s	£000s
Cost or valuation					
At 1 August 2016	52,753	1,100	6,168	1,324	61,345
Additions	5,020	-	596	659	6,275
Transfers	1,324	-	-	(1,324)	-
Disposals	-	-	(344)	-	(344)
At 31 July 2017	59,097	1,100	6,420	659	67,276
Depreciation					
At 1 August 2016	3,174	225	5,323	-	8,722
Charge for the year	1,557	71	492	-	2,120
Elimination in respect of disposals	-	-	(344)	-	(344)
At 31 July 2017	4,731	296	5,471	-	10,498
Net book value at 31 July 2017	54,366	804	949	659	56,778
Net book value at 31 July 2016	49,579	875	845	1,324	52,623

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	(6,091)
Net book value based on cost	37,867

12 Endowments

	2017	2016
	£000s	£000s
Endowments	41	42
Total	41	42

13 Trade and other receivables

	2017	2016
	£000s	£000s
Amounts falling due within one year:		
Trade receivables	141	142
Prepayments and accrued income	531	673
Amounts owed by the Education & Skills Funding Agency	112	94
Total	784	909

14 Current Investments

	2017	2016
	£000s	£000s
Short term deposits	8,100	5,850
Total	8,100	5,850

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

	2017	2016
	£000s	£000s
Other loans	500	564
Trade payables	352	181
Payments received in advance	1,662	1,670
Other taxation and social security	600	512
Accruals and deferred income	2,607	1,994
Deferred income – government capital grants	380	217
Amounts owed to the Education & Skills Funding Agency	156	25
Total	6,257	5,163

A loan £500,000 was received in the 2015 financial year 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 contractual notice period).

The other loan was repayable by instalments falling due between 1 March 2013 and 1 September 2016 totalling £334,000. This loan has now been fully repaid and was unsecured and attracted no interest.

16 Creditors: amounts falling due after one year

	2017	2016
	£000s	£000s
Deferred income – government capital grants	8,122	5,980
Total	8,122	5,980

17 Provisions

	Defined benefit obligations £000s	Enhanced pensions £000s	Other £000s	Total £000s
At 1 August 2016	14,725	3,734	-	18,459
Expenditure in the period	1,238	(143)	-	1,095
Transferred from income and expenditure account	(6,379)	-	-	(6,379)
At 31 July 2017	9,584	3,591	-	13,175

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 23.

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:

	2017	2016
Price inflation	1.00%	1.00%
Discount rate	2.30%	2.30%

18 Cash and cash equivalents

	At 1 August 2016 £000s	Cash flows £000s	Other changes £000s	At 31 July 2017 £000s
Cash and cash equivalents	4,285	(2,666)	-	1,619
Total	4,285	(2,666)	-	1,619

19 Capital and other commitments

	2017	2016
	£000s	£000s
Commitments contracted for at 31 July	285	5,680

Capital commitments at 2017 relate to the project balance payable on the Advanced Skills and Innovation centre. Grant receipts totalling £100k are expected towards these remaining costs.

20 Lease obligations

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

	2017	2016
	£000s	£000s
Future minimum lease payments due		
Other		
Not later than one year	18	31
Later than one year and not later than five years	35	51
Total	53	82

21 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.

22 Events after the reporting period

There are no events after the reporting period.

23 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.

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 2016.

Total pension cost for the year

		2017	2016
		£000s	£000s
Teachers' Pension Scheme:		1,119	1,161
Local Government Pension Scheme:			
Contributions paid	*	788	688
FRS102(28) charge		894	516
Charge to the Statement of Comprehensive Income		1,682	1,204
Less amounts recognised as enhanced pension		(8)	(8)
Total Pension Cost for year within staff costs		2,793	2,357

* Based on actual contributions made in year. Estimated contributions were £768,000.

Contributions amounting to £244,000 (2016: £94,000) were payable to the scheme at 31st July 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. Retirement and other pension benefits are paid by public funds provided by Parliament.

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:

- New employer contribution rates were set at 16.48% of pensionable pay (including administration fees of 0.08%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay.
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The new employer contribution rate for the TPS was implemented in September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

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 commenced on 1 April 2015.

The pension costs paid to TPS in the year amounted to £1,119,000 (2016: £1,161,000)

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 2017 was £1,136,000 of which employer's contributions totalled £780,000 and employees' contributions totalled £356,000*. The agreed contribution rates for future years are 14.7%. Employee contributions are between 5.5% and 12.5% dependent on the full time equivalent salary.

* Based on actual contributions made in year. Estimated contributions were £354,000

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 and updated to 31 July 2017 by a qualified independent actuary.

	At 31 July 2017	At 31 July 2016
Rate of increase in salaries	3.25%	3.30%
Future pension increases	2.00%	1.80%
Discount rate for scheme liabilities	2.60%	2.40%
Inflation assumption (CPI)	2.00%	1.80%

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 2017 years	At 31 July 2016 Years
Retiring today		
Males	22.1	22.7
Females	25.2	25.6
Retiring in 20 years		
Males	23.0	24.9
Females	27.0	28.0

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 2017	Fair Value at 31 July 2017 £000s	% of total plan assets at 31 July 2016	Fair Value at 31 July 2016 £000s
Equity instruments	76.9	28,986	75.1	25,214
Debt instruments	13.6	5,126	15.4	5,170
Property	4.4	1,658	4.8	1,612
Cash	1.7	641	1.4	470
Other	3.4	1,282	3.3	1,108
Total fair value of plan assets	100.0	37,693	100.0	33,574

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

	2017 £000s	2016 £000s
Fair value of plan assets	37,693	33,574
Present value of plan liabilities	(47,156)	(48,163)
Present value of unfunded liabilities	(121)	(136)
Net pensions liability	(9,584)	(14,725)

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

	2017 £000s	2016 £000s
Amounts included in staff costs		
Current service cost	(1,662)	(1,204)
Total	(1,662)	(1,204)

Amount recognised in Other Comprehensive Income

Return on pension plan assets	3,054	2,331
Experience gains/(losses) arising on defined benefit obligations	3,325	(8,047)
Amount recognised in Other Comprehensive Income	6,379	(5,716)

Movement in net defined benefit liability during year

	2017 £000s	2016 £000s
Net defined benefit liability in scheme at 1 August	(14,725)	(8,210)
Movement in year:		
Current service cost	(1,662)	(1,204)
Employer contributions	768	688
Net interest on the defined liability	(344)	(283)
Actuarial gain/(loss)	6,379	(5,716)
Net defined benefit liability at 31 July	(9,584)	(14,725)

Asset and Liability Reconciliation

	2017	2016
	£000s	£000s
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	48,299	38,040
Current service cost	1,662	1,204
Interest cost	1,153	1,363
Contributions by Scheme participants	354	322
Experience gains and losses on defined benefit obligations	(3,325)	8,047
Changes in financial assumptions		
Estimated benefits paid	(866)	(677)
Past Service cost	-	-
Defined benefit obligations at end of period	47,277	48,299
Changes In fair value of plan assets		
Fair value of plan assets at start of period	33,574	29,830
Interest on plan assets	809	1,080
Return on plan assets	3,054	2,331
Employer contributions	768	688
Contribution by Scheme participants	354	322
Estimated benefits paid	(866)	(677)
Fair value of plan assets at end of period	37,693	33,574

25 Related party transactions

Due to the nature of the College's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving 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 £133; 1 governor (2016: £393, 1 governor). 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 during the year (2016: 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:

		2017 £	2016 £
Theatre Royal Wakefield:	Payments to:	60	3,000
	Income from:	13,962	15,000
Cambridge Access Validating Agency:	Payments to:	17,033	19,000

26 Amounts disbursed as agents

	2017 £000s	2016 £000s
Funding body grants – bursary support	702	731
Funding body grants – discretionary learner support	-	176
Other funding body grants	-	-
Sub Total	702	907
Disbursed to students	(644)	(683)
Administration costs	(26)	(33)
Balance unspent as at 31 July, included in creditors	32	191

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.