



# Wakefield College Report and Financial Statements for the Year ended 31 July 2015



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## OPERATING AND FINANCIAL REVIEW

The members present their report and the audited financial statements for the year ended 31 July 2015.

### HIGHLIGHTS OF THE YEAR

- A level pass rate over 95% for 11<sup>th</sup> year running with a 33% increase in entries
- Higher Education student numbers up by 10%, supported by a campaign aimed at increasing Higher Education recruitment which won Marketing Campaign of the year at the Times Educational Supplement (TES) National Awards.
- External refurbishment of Radcliffe building completed, including a new suite of Science laboratories
- Apprenticeship starts up by 6%
- Third annual graduation ceremony held for Wakefield Children's University
- Hosted a question time style debate with local MP and the main prospective parliamentary candidates at our City Campus in the run up to the election

### FINANCIAL HEADLINES

- Increase in income of 8%;
- Increase in expenditure of 2.4%;
- 67% of income spent on staffing (excluding re-structuring costs);
- £989,000 (5.2% of total staffing budget) spent on contracted out staffing services;
- Operating surplus of £517,000;
- Property development costs of £1,142,000;
- Historical cost surplus of £1,139,000.

### 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 the Charities Act 2011.

## Mission

The College's Mission continues to be:

“Transforming lives through learning....

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

## Public Benefit

Wakefield College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all FE Corporations in England. The members of the Governing Body, who are trustees of the charity, are disclosed on page 17.

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit. The delivery of public benefit is covered throughout the OFR but includes, high-quality teaching, widening participation and raising aspirations, strong student support systems, and links with employers, industry and commerce.

## Implementation of Strategic Plan

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

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

Progress against the objectives set out in the plan for 2014/15 has been excellent with the vast majority of objectives met.



Key objectives achieved include:

- Whole-college CPD day with a Behaviour for Learning focus
- Launched a new course, developed with local sector body Cognitiv, to address skills shortages in the Creative and Digital Sector locally
- Extra focus on HE growth delivered increase in learner numbers in year and applications for 2015/16
- Growth in number of Apprentices recruited
- Seamless introduction of new student records system
- Children's University continues to thrive
- Major contribution to reduced NEET figures
- A revised Teaching, Learning and Assessment strategy introduced

## Financial Objectives

Key financial targets for the College are set each year as part of the strategic planning process. In July 2014 the following targets were defined to ensure sound financial health:

- (i) To quantify and identify the source of funding required to deliver the College's revised property strategy in the financial year 2015/16 and 2016/17.**

Governors approved an updated property strategy in July 2015 along with a financial plan that demonstrated that the key elements for the period to 2016/17 were affordable, subject to external funding being received in respect of one scheme.

- (ii) To devise a savings strategy to achieve a balanced position for 2015/16.**

Governors approved a balanced budget prior to the start of the new financial year.

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

The staffing costs for the year under review, excluding restructuring costs, were 67% of income (68% including restructuring costs of £199,000) (2013/14 – 71% and 72% including restructuring costs of £128,000)

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

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

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

In 2014/15, based on the College's management accounts, 18.3% of income came from sources other than the funding bodies (2013/14 – 19.7%).

## **Performance Indicators**

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

## **FINANCIAL POSITION**

### **Financial Results**

The College produced an operating surplus in the year of £517,000 (2013/14 - operating deficit of £941,000).

The historical cost surplus for the period was £1,139,000 (2013/14: deficit £293,000).

It should be noted that the result reported is after property related expenditure of £1,142,000 (2013/14 £992,000) which relates to refurbishment works required at the Wakefield City Campus to support the College's property strategy.

The College's reserves at 31 July 2015 (excluding the revaluation reserve, the FRS17 pension reserve and restricted reserves) stood at £33,428,000 (31 July 2014: £32,383,000).

Tangible fixed asset additions during the year amounted to £597,000 (2013/14 £4,863,000).

The College relies significantly on the education sector funding bodies as its principal funding source, largely from recurrent grants. In 2014/15, based on the College's management accounts, the funding bodies provided 81.7% of the College's total income (2013/14: 80.3%).

## Treasury Policies and Objectives

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

Wakefield College has a separate treasury management policy in place.

The College generated £64,000 (2013/14: £81,000) 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.

## Cash Flows

There was a net cash inflow on operating activities of £2,920,000 during 2014/15 (2013/14: £1,699,000).

The College's cash balances (including invested amounts) stood at £8,008,000 (31 July 2014: £6,014,000). The College therefore has a reasonable base from which to consider its options for future investment.

## CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

### Student Numbers

In 2014/15 the College delivered activity that produced £21,011,000 in funding body main allocation from the Education Funding Agency and Skills Funding Agency (2013/14 - £19,654,000). Total student numbers in year were 9,587, this includes learners funded by our main funding bodies in addition to learners funded from other sources (2013/14 – 11,049).

## Student achievements

The majority of 16-18 enrolments were on Level 2 and 3 provision where the increases achieved in 2013-14 were maintained in 2014-15. There was a pleasing increase of some 9% points in success at level 1, reversing the decline experienced in 2013-14. This was as a result of improvements in both the retention and achievement of these low level students.

For adults, success rates were maintained at Levels 1 and 2 and increased significantly at Level 3.

Timely and overall success rates on Apprenticeship provision are not yet finalised.

Retention of students on Higher Education decreased slightly but achievement improved leading to maintenance of the last year's success rate.

## Curriculum Developments

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

### General

- Implementation of vocational summative assessment methods; through staff training, increased tracking, monitoring and the introduction of twilight self-study sessions.
- Launch of NEET programme VIP – 3 groups graduated from programme in June 2015.
- A2 pass rate over 97% for second year in succession.

### Performing Arts and Music

- Annual Summer Season provided a platform for professional practice, including productions at the Theatre Royal and the Music Festival at Unity Works.
- Students' artwork exhibited in city centre shops.
- Wakefield College photography students displayed their work in local business premises and large screens in shopping centres.
- Performing Arts students took part in Can You Dance? – a national initiative aimed at young people interested in training in dance and performing arts.



## Higher Education

- The College demonstrated its commitment to the expansion of its Higher Education provision to address low levels of participation in HE and higher level skills gaps in the District. There was a significant increase in full-time numbers on HE programmes at the College, particularly in the first year of Foundation Degrees and HNDs.
- More than 70 students on Advanced Level courses at the College chose to progress onto one of our HE programmes.

## A-Levels

- The range of subjects on offer was increased by the inclusion of accounting, computer science and geography.
- The key focus for development has been to prepare for the A-Level Reforms.

## Science and Engineering

- 6 Advanced Level Applied Science students achieved the highest possible grade profile i.e. 3 Distinction Star grades (D\*D\*D\*), with a further 3 students achieving D\*D\*D.

## Hospitality & Catering

- Students Competed at the Matchfit Skills competition and gained second place at level 1 - 'Afternoon Tea for Two'
- Michel Roux Jr. offered endorsement for the College's Chef of the year award.

## Construction – Craft, Management and the Built Environment

- All students across all levels experienced employer-led vocational learning experiences.
- Competition entries to both Match Skills, where Construction was placed, and World Skills.
- Successful establishment of Advanced Construction and the Built Environment provision from Margaret Street, City Campus.

## **Sport and Public Services**

- Partnership established with professional sports club Wildcats through the College's Athletes Development Programme supporting the delivery of education to semi-professional athletes.
- Development and validation of a Foundation Degree in Public Services Management and a Level 3 Access course in Law and Criminology.
- Student involvement in Police training exercises, developing student resilience, knowledge and understanding of the inner workings of a uniformed public service.
- Delivery of the district's inaugural disability sports tournament involving five local schools.

## **Computing, Business and Digital Industries**

- Collaboration with local industry body Cognitiv to design and implement advanced digital media bespoke programme
- Commended by Wakefield Shirt Company for offering focussed training to meet staff development needs and highlighted in Leeds City Region Skills network as an example of good practice.
- Delivered a tailored course for VIP learners resulting in excellent results.
- A new series of courses delivered in local job centres.

## **Hair and Beauty Therapy**

- Hosted World Skills UK. Gained first placed in the World Skills Nail Art category, at regional level; progressing to national finals next academic year.

## **Animal Care**

- Students have gained valuable skills and knowledge through work placement in Croatia, at the Vulture Rescue Centre.
- Partnership with Askham Bryan College continues to offer outstanding success.

## **Horticulture**

- Students worked at Thornes Park Nursery and were heavily involved with the landscaping of the new site's secret garden. The garden is now open to the public and many visitors have commented about the excellent work that has been achieved by our students.

## Foundation Learning

- Successful first year of the Highfield Bridge programme to secure progression for students with Special Educational Needs.
- First year of Get Set Supported Employment programme produced outstanding progression outcomes to employment and sustained volunteering.
- Prince's Trust programme for hard-to-reach learners introduced
- Introduction of Education, Health and Care Plans with external recognition for quality of implementation.

## Services to business

- Supported Primark, B&M, Next, Wakefield District Housing, Haribo and Union Insurance with training potential new recruits via the sector based work academies approach in partnership with Job Centre Plus.
- Shortlisted for the Times Educational Supplement (TES) National award for Contribution to the Local Community for work responding to the needs of unemployed learners.
- Developed and delivered 'Dignity in Care' at Thornes Park to develop our own student support teams.
- Supported a number of Dental Practices to develop staff in Infection Control.
- We continue to benefit from financial sponsorship provided by Burberry to support a variety of student activities on the Burberry Create Programme.

## English ESOL and Maths

- New ESOL curriculum implemented.
- English graded as Outstanding in self-assessment.
- Maths graded as Good in self-assessment.

## Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the financial year under review the College paid 94.4% of its invoices within 30 days (2013/14– 95.0%). The College incurred no interest charges in respect of late payment for this period.

## Future Developments

The College has agreed total funding body income of £20.0m for the 2015/16 financial year. This includes funding from the Higher Education Council for England which has been confirmed at £430,000 for the same period.

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

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

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

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

## Resources

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

- Tangible resources include the College campuses at Thornes Park, Castleford and Wakefield City Centre.
- The College has £53.7m of tangible assets.
- Full time equivalent staff paid in year amounted to 536, of which 388 were teaching related.

- The College enjoys a high profile and good reputation within Wakefield and beyond.

## Principal risks and uncertainties

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

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

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

Our response to the risks has been:

- to expand collaborative provision and continue to invest in state of the art facilities;
- 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 and regional partnerships;
- the local community;
- other FE institutions, local schools and universities;
- trade unions; and
- professional bodies.

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

## **Equal opportunities**

Wakefield College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. The College's Single Equality Scheme is published on the College's website and is monitored regularly.

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

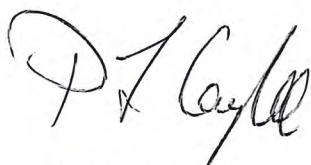
The College seeks to achieve the objectives set down in the Equality Act 2010.

- 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 8 December 2015 and signed on its behalf by:



Paul Campbell

Chair of Corporation

## PROFESSIONAL ADVISORS

### **Financial Statements and**

#### **Regularity auditor:**

Grant Thornton UK LLP  
2 Broadfield Court  
Sheffield  
S8 0XF

#### **Internal auditors:**

ICCA  
McLaren House  
46 Priory  
Queensway  
Birmingham  
7LRB

#### **Solicitors:**

Eversheds LLP  
Bridgewater Place  
Water Lane  
Leeds  
LS11 5DR

#### **Insurance Brokers:**

Marsh Ltd  
1 Whitehall  
Whitehall Road  
Leeds  
LS1 4HR

### **Bankers:**

Close Brothers Ltd  
10 Crown Place  
London  
EC2A 4FT

Bank of Scotland  
33 Old Broad Street  
London  
EC2N 1HW

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

Santander UK plc  
Bootle  
Merseyside  
L30 4GB

Barclays Bank plc  
1 Churchill Place  
London  
E14 5HP

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges in The English Colleges' Foundation Code of Governance ("the Foundation Code"); and
- iii. having due regard to the UK Corporate Governance Code ("the Code") insofar as it is applicable to the further education sector.

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

In the opinion of the Governors, the College complies with all the provisions of the Foundation Code, and it has complied throughout the year ended 31 July 2015. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The English Colleges' Foundation Code of Governance issued by the Association of Colleges in December 2011, which it formally adopted in August 2012.

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

## MEMBERS WHO SERVED THE CORPORATION SINCE 1 AUGUST 2014

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

| Name                          | Date of Appointment/<br>Re-appointment         | Term of Office | Date of Resignation | Status of Appointment | Committees Served  | Attendance (All Meetings) 2014/15 |
|-------------------------------|--|----------------|---------------------|-----------------------|--|-----------------------------------|
| Nasim ASLAM                   | October 2010                                   | 4 years        | October 2014        | External              | Search (Vice Chair)  | 50%                               |
| William ATTAWAY               | February 2015                                  | 1 year         | July 2015           | Student               | -  | 75%                               |
| Heather BECKHAM               | July 2011                                      | 4 years        | June 2015           | Staff                 | Audit  | 89%                               |
| David CADDIES                 | January 2014                                   | 4 years        | -                   | External              | Remuneration (from Jan 15)   | 100%                              |
| Paul CAMPBELL (Chair)         | July 2009/<br>July 2013                        | 4 years        | -                   | External              | Remuneration (Chair to Apr 15)<br>Search   | 100%                              |
| Kevin HENRY                   | July 2006/<br>July 2010/<br>July 2013          | 17 months      | Dec 2014            | External              | Remuneration   | 100%                              |
| Jason MALLOY                  | January 2014                                   | 4 years        | -                   | External              | Audit  | 100%                              |
| Andrew McCONNELL (Vice Chair) | October 2006/<br>October 2010/<br>October 2014 | 26 months      | -                   | External              | Audit<br>Remuneration (Vice Chair to Apr 15,<br>Chair from Apr 15)<br>Search (from Nov 14, Vice Chair from Mar 15) | 92%                               |
| Debbie MOSS                   | July 2015                                      | 4 years        | -                   | Staff                 | -  | 100%                              |
| Michele PHILLIPS              | July 2008/<br>July 2012                        | 4 years        | -                   | External              | Audit (Vice Chair)   | 100%                              |
| Ruth PICKFORD                 | November 2014                                  | 4 years        | -                   | External              | -  | 60%                               |
| Camille TAYLOR-HALEY          | November 2014/August 2015                      | 1 year         | -                   | Student               | -  | 100%                              |
| Andy WALLHEAD                 | May 2011/<br>May 2015                          | 4 years        | -                   | External              | Audit (Chair)  | 60%                               |
| Jane WALTON                   | October 2009/<br>October 2013                  | 4 years        | -                   | External              | Search (Chair)<br>Remuneration (Vice Chair from Apr 15)  | 91%                               |
| Andrew WATTS                  | November 2014                                  | 4 years        | -                   | Staff                 | Audit (from Jul 15)  | 100%                              |
| Sam WRIGHT                    | March 2011                                     | n/a            | -                   | Principal             | Search   | 100%                              |



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/governance#board-committees>

or from the Clerk to the Corporation at:

Wakefield College  
Margaret Street  
Wakefield  
West Yorkshire  
WF1 2DH

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

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

Formal agendas, papers and reports are supplied to Governors in a timely manner, prior to Board meetings. Briefings are also provided on an ad hoc basis.

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

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

## **Appointments to the Corporation**

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search Committee, consisting of four members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration except for the Accounting Officer and Staff/Student members. The Corporation is responsible for ensuring that appropriate training is provided as required.

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

## **Audit Committee**

The Audit Committee comprises four members of the Corporation.

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

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

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

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

## **Remuneration Committee**

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

Details of remuneration for the year ended 31 July 2015 are set out in Note 8 to the financial statements.

## **Internal Control**

### **Scope of Responsibility**

The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

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

### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Wakefield College for the year ended 31 July 2015 and up to the date of approval of the annual report and accounts.

### **Capacity to handle risk**

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ended 31 July 2015 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

### **The Internal Control and Risk Management Framework**

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

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

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

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

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

### **Review of Effectiveness**

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

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

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

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2015 meeting, the Corporation carried out



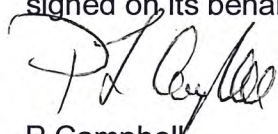
the annual assessment for the year ended 31 July 2015 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2015.

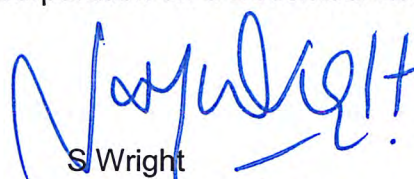
Based on the advice of the Audit Committee and the Accounting Officer, the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "the effective and efficient use of resources,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

Approved by order of the members of the Corporation on 8 December 2015 and signed on its behalf:

  
P Campbell  
Chair of Corporation

  
S Wright  
Accounting Officer

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

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

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

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

## STATEMENT OF THE RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the Financial Memorandum between the Skills Funding Agency and the Corporation of the College, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education and with the Accounts Direction for 2014/15 financial statements issued jointly by the Skills Funding Agency and the Education Funding Agency, and which give a true and fair view of the state of affairs of the College and the result for that year.

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

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

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

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

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

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

Approved by order of the members of the Corporation on 8 December 2015 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'P. Campbell', written over a horizontal line.

Paul Campbell

Chair of Corporation



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

We have audited the financial statements of Wakefield College for the year ended 31 July 2015 which comprise income and expenditure account, the statement of historical cost surpluses and deficits, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of the Corporation and auditor**

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

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2015 and of its surplus of income over expenditure for the year then ended in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions.

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

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

- adequate accounting records have not been kept by the College; or
- the College financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

*Grant Thornton UK LLP*

Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Sheffield

*14 December 2015*



## REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE CORPORATION OF WAKEFIELD COLLEGE AND THE SECRETARY OF STATE FOR BUSINESS, INNOVATION AND SKILLS ACTING THROUGH SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 12 October 2015 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 1 August 2014 to 31 July 2015 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency in August 2015. In accordance with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which Skills Funding Agency has other assurance arrangements in place.

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

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

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

Our responsibilities for this engagement are established in the United Kingdom by are imposed by law and professional standards and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Joint Audit Code of Practice. We report to you whether anything has come to our attention in carrying out our work which suggests that, in all material respects, expenditure disbursed and income received during the period 1 August 2014 to 31 July 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

## Approach

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

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

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

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

The work undertaken to draw our conclusion includes:

- making enquiries of management;
- analytical procedures;
- evaluation of controls and walkthroughs on a sample of material items
- review of completed and signed self-assessment questionnaire (SAQ);
- review of Board and Committee meeting minutes;
- review of internal audit papers (where relevant); and
- limited testing, on a selective basis, on a number of areas which are considered within 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 2014 to 31 July 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*CP Rte UK LLP*

Grant Thornton UK LLP  
Chartered Accountants  
Sheffield

*14 December 2015*

## INCOME AND EXPENDITURE ACCOUNT

|   | Notes | 2015<br>£000s | 2014<br>£000s |
|---|-------|---------------|---------------|
| <b>Income</b>   |       |               |               |
| Funding body grants   | 2     | 22,481        | 20,781        |
| Tuition fees and education contracts  | 3     | 4,452         | 4,065         |
| Other grants and contracts  | 4     | 233           | 239           |
| Other income  | 5     | 335           | 506           |
| Endowment and investment income   | 6     | 464           | 260           |
| <b>Total income</b>   |       | <b>27,965</b> | <b>25,851</b> |
| <b>Expenditure</b>  |       |               |               |
| Staff costs   | 7     | 18,979        | 18,584        |
| Other operating expenses  | 9     | 6,269         | 6,047         |
| Depreciation  | 12    | 2,188         | 2,161         |
| Interest and other finance costs  | 10    | 12            | -             |
| <b>Total expenditure</b>  |       | <b>27,448</b> | <b>26,792</b> |
| Surplus/(deficit) for the year, before and after tax, within income and expenditure reserve |       | <b>517</b>    | <b>(941)</b>  |

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

## NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS

|  | Notes | 2015<br>£000s | 2014<br>£000s |
|--|-------|---------------|---------------|
| Surplus/(deficit) on continuing operations before tax  |       | 517           | (941)         |
| Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount | 21    | 622           | 648           |
| <b>Historical cost surplus/(deficit) for the period</b>  |       | <b>1,139</b>  | <b>(293)</b>  |

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

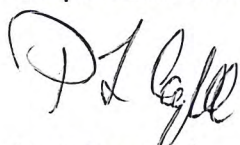
|  | Notes  | 2015<br>£000s  | 2014<br>£000s |
|--|--------|----------------|---------------|
| Surplus/(deficit) on continuing operations after depreciation of assets at valuation and tax |        | 517            | (941)         |
| Actuarial (loss)/gain in respect of pension scheme   | 23     | (2,100)        | 2,525         |
| Unrealised surplus on revaluation of fixed assets  | 12, 21 | -              | 1,022         |
| <b>Total recognised (loss)/gain relating to the period</b>                                   |        | <b>(1,583)</b> | <b>2,606</b>  |
| <b>Reconciliation</b>  |        |                |               |
| Opening reserves and endowments  |        | 41,997         | 39,391        |
| Total recognised (loss)/gain for the year  |        | (1,583)        | 2,606         |
| <b>Closing reserves and endowments</b>   |        | <b>40,414</b>  | <b>41,997</b> |



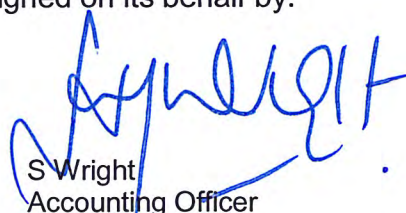
## BALANCE SHEET AS AT 31 JULY 2015

|  | Notes | 2015<br>£000s | 2014<br>£000s |
|--|-------|---------------|---------------|
| <b>Fixed Assets</b>  |       |               |               |
| Tangible assets  | 12    | 53,746        | 55,337        |
| <b>Endowment asset investments</b>                             | 20    | 42            | 42            |
| <b>Current Assets</b>  |       |               |               |
| Debtors  | 14    | 608           | 574           |
| Investments  | 13    | 5,600         | 4,360         |
| Cash at bank and in hand                                       | 28    | 2,408         | 1,654         |
|  |       | 8,616         | 6,588         |
| <b>Less: Creditors - amounts falling due within one year</b>   | 15    | (4,987)       | (4,587)       |
| <b>Net current assets</b>                                      |       | <b>3,629</b>  | <b>2,001</b>  |
| <b>Total assets less current liabilities</b>                   |       | <b>57,417</b> | <b>57,380</b> |
| Less: Creditors - amounts falling due after more than one year | 16    | (64)          | (154)         |
| Less: Provisions for liabilities                               | 18    | (3,614)       | (3,630)       |
| <b>Net assets excluding pension liability</b>                  |       | <b>53,739</b> | <b>53,596</b> |
| Net pension liability  | 23    | (8,189)       | (6,183)       |
| <b>NET ASSETS INCLUDING PENSION LIABILITY</b>                  |       | <b>45,550</b> | <b>47,413</b> |
| <b>Deferred capital grants</b>                                 | 19    | 5,136         | 5,416         |
| Specific endowments  | 20    | 42            | 42            |
| <b>Reserves</b>  |       |               |               |
| Income and expenditure account excluding pension reserve       | 22    | 33,428        | 32,383        |
| Pension reserve  | 23    | (8,189)       | (6,183)       |
| Income and expenditure account including pension reserve       | 22    | 25,239        | 26,200        |
| Revaluation reserve  | 21    | 15,133        | 15,755        |
| <b>Total reserves</b>  |       | <b>40,372</b> | <b>41,955</b> |
| <b>TOTAL FUNDS</b>   |       | <b>45,550</b> | <b>47,413</b> |

The financial statements on pages 30 to 59 were approved and authorised for issue by the Corporation on 8 December 2015 and were signed on its behalf by:



Paul Campbell  
Chair of Corporation



S Wright  
Accounting Officer

## CASH FLOW STATEMENT

|   | Notes | 2015<br>£000s | 2014<br>£000s  |
|---|-------|---------------|----------------|
| <b>Net cash inflow from operating activities</b>                          | 24    | 2,920         | 1,699          |
| Returns on investments and servicing of finance                           | 25    | 51            | 86             |
| Capital expenditure and financial investment                              | 26    | (977)         | (3,011)        |
| <b>Cash inflow/(outflow) before use of liquid resources and financing</b> |       | <b>1,994</b>  | <b>(1,226)</b> |
| Management of liquid resources  | 27    | (1,240)       | 1,750          |
| <b>Increase in cash in the period</b>                                     |       | <b>754</b>    | <b>524</b>     |
| <b>Reconciliation of net cash flow to movement in net funds</b>           |       |               |                |
| Increase in cash in the period  |       | 754           | 524            |
| Cash inflow/(outflow) from liquid resources                               | 27    | 1,240         | (1,750)        |
| Cash inflow from new unsecured loan                                       |       | (500)         | -              |
| Cash outflow from decrease in loan  |       | 90            | 90             |
| Movement in net funds in period   | 28    | 1,584         | (1,136)        |
| Net funds at 1 August   | 28    | 5,812         | 6,948          |
| <b>Net funds at 31 July</b>   |       | <b>7,396</b>  | <b>5,812</b>   |



# NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 AUGUST 2014 TO 31 JULY 2015

## 1 Accounting Policies

### Statement of Principal Accounting Policies

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

### Basis of Preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2007* (the SORP), the Accounts Direction for 2014/15 financial statements and in accordance with applicable Accounting Standards.

### Basis of Accounting

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

### Going Concern

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

The College's financial forecast shows a breakeven budget for 2015/16. For the previous financial year the College planned a breakeven budget excluding property development costs and was able to deliver an improved operating position compared to budget.

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

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

### Recognition of Income

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

Funding body recurrent grants are recognised in line with the best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the

funding body at the beginning of December following the year end, and the results of the funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

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

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

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

### **Post-retirement benefits**

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

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

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

## Enhanced Pensions

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

## Tangible Fixed Assets

### ***Land and buildings***

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

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

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

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

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

### ***Assets under construction***

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

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

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

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

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

### **Equipment**

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

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

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

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

### **Leased Assets**

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

### **Investments and Endowment Assets**

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

### **Foreign Currency Translation**

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

### **Taxation**

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

### **Liquid Resources**

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

### **Provisions**

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

### **Agency Arrangements**

The College acts as an agent in the collection and payment of Discretionary Support Funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure Account and are shown separately in Note 33 to the Accounts, except for the 5% of the grant received which is available to the College to cover administration costs relating to the grant.

## 2 FUNDING BODY GRANTS

|   | 2015          | 2014          |
|---|---------------|---------------|
|   | £000s         | £000s         |
| Education Funding Agency recurrent grant                | 16,790        | 14,889        |
| Skills Funding Agency recurrent grant                   | 4,045         | 4,436         |
| HEFCE recurrent grant                                   | 433           | 495           |
| Education Funding Agency non recurrent grants           | 73            | 29            |
| Skills Funding Agency non recurrent grants              | 380           | 153           |
| Other funding body grants – Local Education Authorities | 576           | 632           |
| Releases of deferred capital grants (note 19)           | 184           | 147           |
| <b>Total</b>  | <b>22,481</b> | <b>20,781</b> |

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

Foundation learning and 16-18 Learner Responsive Income of £35,000 included above within Education Funding Agency recurrent grant of £16,790,000 excludes payments to partner organisations. Total income claimed in the year and the related payments to partners was as follows:

|  | 2015      | 2014      |
|--|-----------|-----------|
|  | £000s     | £000s     |
| Education Funding Agency recurrent grant | 176       | 328       |
| Payments to non-College partners         | (141)     | (247)     |
| <b>Total</b>                             | <b>35</b> | <b>81</b> |

Adult Learner Responsive income of £2,000 included above within the Skills Funding Agency recurrent grant of £4,045,000 excludes payments to partner organisations. Total income claimed in the year and the related payments to partners was as follows:

|                                       | 2015     | 2014     |
|---------------------------------------|----------|----------|
|                                       | £000s    | £000s    |
| Skills Funding Agency recurrent grant | 2        | -        |
| Payments to non – College partners    | (2)      | -        |
| <b>Total</b>                          | <b>-</b> | <b>-</b> |



### 3 TUITION FEES AND EDUCATION CONTRACTS

|   | 2015         | 2014         |
|---|--------------|--------------|
|   | £000s        | £000s        |
| UK Higher Education students                                  | 2,327        | 1,857        |
| UK Further Education students                                 | 1,624        | 1,613        |
| Non-European Union students                                   | 94           | 28           |
| <b>Total fees paid by or on behalf of individual students</b> | <b>4,045</b> | <b>3,498</b> |
| Higher Education contracts                                    | -            | 32           |
| Other contracts   | 133          | 196          |
| Apprenticeship contracts                                      | 274          | 339          |
| <b>Sub-total</b>  | <b>407</b>   | <b>567</b>   |
| <b>Total</b>  | <b>4,452</b> | <b>4,065</b> |

### 4 OTHER GRANTS AND CONTRACTS

|                | 2015       | 2014       |
|----------------|------------|------------|
|                | £000s      | £000s      |
| European funds | 157        | 106        |
| Other funds    | 76         | 133        |
| <b>Total</b>   | <b>233</b> | <b>239</b> |

### 5 OTHER INCOME

|  | 2015       | 2014       |
|--|------------|------------|
|  | £000s      | £000s      |
| Other income   | 236        | 334        |
| Release of deferred Capital Grants (non-Funding Council) (note 19) | 99         | 172        |
| <b>Total</b>   | <b>335</b> | <b>506</b> |

## 6 ENDOWMENT AND INVESTMENT INCOME

|   | 2015<br>£000s | 2014<br>£000s |
|---|---------------|---------------|
| Other investment income                         | 64            | 81            |
| Investment income from specific endowment asset | 1             | 1             |
| <b>Sub Total</b>                                | <b>65</b>     | <b>82</b>     |
| Pension finance income (note 23)                | 399           | 178           |
| <b>Total</b>                                    | <b>464</b>    | <b>260</b>    |

## 7 STAFF COSTS

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

|                                       | 2015<br>Number | 2014<br>Number |
|---------------------------------------|----------------|----------------|
| Teaching departments – teaching staff | 255            | 247            |
| Teaching departments – other staff    | 55             | 54             |
| Teaching support services             | 78             | 75             |
| Other support services                | 6              | 6              |
| Administration and central services   | 106            | 104            |
| Premises                              | 36             | 38             |
| <b>Total</b>                          | <b>536</b>     | <b>524</b>     |

|   | 2015<br>£000s | 2014<br>£000s |
|---|---------------|---------------|
| <b>Staff Costs for the above persons</b>  |               |               |
| Teaching departments – teaching staff     | 9,881         | 9,599         |
| Teaching departments – other staff        | 1,236         | 1,211         |
| Teaching support services                 | 1,970         | 1,823         |
| Other support services                    | 234           | 233           |
| Administration and central services       | 3,320         | 3,223         |
| Premises                                  | 763           | 804           |
| Staff restructuring                       | 199           | 128           |
| FRS17 retirement benefit charge (note 23) | 305           | 426           |
| Enhanced pension provision adjustment     | 82            | 51            |
| <b>Payroll sub-total</b>                  | <b>17,990</b> | <b>17,498</b> |
| Contracted out staffing services          | 989           | 1,086         |
| <b>Total</b>                              | <b>18,979</b> | <b>18,584</b> |

## 7 STAFF COSTS (CONTINUED)

|   | 2015<br>£000s | 2014<br>£000s |
|---|---------------|---------------|
| <b>Analysed as follows:</b>   |               |               |
| Wages and salaries  | 14,726        | 14,302        |
| Social Security costs   | 970           | 944           |
| Other pension costs, including FRS17 adjustments of £305,000<br>(2014: £426,000)) | 2,013         | 2,073         |
| Enhanced pension provision adjustment   | 82            | 51            |
| Restructuring costs   | 199           | 128           |
| <b>Sub-Total</b>  | <b>17,990</b> | <b>17,498</b> |
| Contracted out staffing services  | 989           | 1,086         |
| <b>Total</b>  | <b>18,979</b> | <b>18,584</b> |
| <b>Total staff costs, analysed by type of contract were:</b>                      |               |               |
| Employment costs for staff on permanent contracts                                 | 16,708        | 16,195        |
| Employment costs for staff on short-term and temporary contracts                  | 696           | 698           |
| Contracted out staffing services  | 989           | 1,086         |
| FRS17 retirement benefit charge   | 305           | 426           |
| Restructuring costs   | 199           | 128           |
| Enhanced pension provision adjustment   | 82            | 51            |
| <b>Total</b>  | <b>18,979</b> | <b>18,584</b> |

## 8 EMOLUMENTS OF SENIOR POST HOLDERS AND MEMBERS

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

|   | 2015<br>Number | 2014<br>Number |
|---|----------------|----------------|
| The number of senior post-holders including the Accounting Officer was: | 3              | 3              |
|   | 2015<br>£000s  | 2014<br>£000s  |
| Senior post-holders' emoluments are made up as follows:                 |                |                |
| Salaries  | 254            | 253            |
| Pension contributions   | 35             | 34             |
| <b>Total emoluments</b>   | <b>289</b>     | <b>287</b>     |

## 8 EMOLUMENTS OF SENIOR POST HOLDERS AND MEMBERS (CONTINUED)

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

|                      | 2015                          |                       | 2014                          |                       |
|----------------------|-------------------------------|-----------------------|-------------------------------|-----------------------|
|                      | Number of senior post-holders | Number of other Staff | Number of senior post-holders | Number of other Staff |
| £60,001 to £70,000   | -                             | 6                     | -                             | 5                     |
| £80,001 to £90,000   | -                             | -                     | -                             | -                     |
| £90,001 to £100,000  | 1                             | -                     | 1                             | -                     |
| £120,001 to £130,000 | 1                             | -                     | 1                             | -                     |
| <b>Total</b>         | <b>2</b>                      | <b>6</b>              | <b>2</b>                      | <b>5</b>              |

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

|                         | 2015<br>£000s | 2014<br>£000s |
|-------------------------|---------------|---------------|
| Salary                  | 130           | 130           |
| Pension contributions   | 18            | 18            |
| <b>Total emoluments</b> | <b>148</b>    | <b>148</b>    |

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

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

## 9 OTHER OPERATING EXPENSES

|   | 2015<br>£000s | 2014<br>£000s |
|---|---------------|---------------|
| Teaching departments                    | 1,309         | 1,225         |
| Teaching support services               | 117           | 103           |
| Other support services                  | 368           | 297           |
| Administration and central services     | 984           | 1,069         |
| General education expenditure           | 742           | 777           |
| Premises costs – running costs          | 1,082         | 1,054         |
| Premises costs – maintenance            | 308           | 345           |
| Catering operations                     | 14            | 9             |
| Costs associated with property strategy | 1,142         | 992           |
| Interest on enhanced pension provision  | 147           | 157           |
| Other expenses                          | 56            | 19            |
| <b>Total</b>                            | <b>6,269</b>  | <b>6,047</b>  |

Other operating expenses include:

Auditors' remuneration

|  |    |    |
|--|----|----|
| - internal audit                                   | 13 | 17 |
| - financial statements audit                       | 17 | 16 |
| - other services provided by the internal auditors | 2  | -  |
| Hire of other assets – operating leases            | 31 | 32 |

## 10 INTEREST AND OTHER FINANCE

|   | 2015<br>£000s | 2014<br>£000s |
|---|---------------|---------------|
| On bank loans, overdrafts and other loans:      |               |               |
| Repayable wholly or partly in more than 5 years | 12            | -             |
| <b>Total</b>                                    | <b>12</b>     | <b>-</b>      |

## 11 TAXATION

The members do not believe the College was liable for any Corporation tax arising out of its activities during this period (2013/14 – £nil).

## 12 TANGIBLE FIXED ASSETS

|   | Assets<br>under course<br>of<br>Construction<br>£000s | Leasehold<br>Improve<br>ments<br>£000s | Freehold<br>Land and<br>Buildings<br>£000s | Equipment<br>£000s | Total<br>£000s |
|---|---|--|--|--------------------|----------------|
| <b>Cost or valuation at 1 August 2014</b> | 3,643   | 1,100                                  | 49,507                                     | 6,177              | 60,427         |
| Additions                                 | -   | -                                      | 196  | 401                | 597            |
| Transfers                                 | (3,643)   | -                                      | 3,643                                      | -                  | -              |
| Disposals                                 | -   | -                                      | -  | (410)              | (410)          |
| <b>At 31 July 2015</b>                    | <b>-</b>  | <b>1,100</b>                           | <b>53,346</b>                              | <b>6,168</b>       | <b>60,614</b>  |
| <b>Depreciation at 1 August 2014</b>      | -   | 83                                     | -  | 5,007              | 5,090          |
| Charge for period                         | -   | 71                                     | 1,615                                      | 502                | 2,188          |
| Eliminated in respect of disposals        | -   | -                                      | -  | (410)              | (410)          |
| <b>At 31 July 2015</b>                    | <b>-</b>  | <b>154</b>                             | <b>1,615</b>                               | <b>5,099</b>       | <b>6,868</b>   |
| <b>Net book value at 31 July 2015</b>     | <b>-</b>  | <b>946</b>                             | <b>51,731</b>                              | <b>1,069</b>       | <b>53,746</b>  |
| Net book value at 31 July 2014            | 3,643   | 1,017                                  | 49,507                                     | 1,170              | 55,337         |
| Inherited                                 | -   | -                                      | 3,769                                      | -                  | 3,769          |
| Financed by capital grant                 | -   | -                                      | 4,835                                      | 246                | 5,081          |
| Other                                     | -   | -                                      | 31,762                                     | 823                | 32,585         |
| Leased                                    | -   | 946                                    | -  | -                  | 946            |
| Revalued                                  | -   | -                                      | 11,365                                     | -                  | 11,365         |
| <b>Net book value at 31 July 2015</b>     | <b>-</b>  | <b>946</b>                             | <b>51,731</b>                              | <b>1,069</b>       | <b>53,746</b>  |

Land and buildings with a net book value of £4,835,430 (2014: £3,588,565) have been partly financed by exchequer funds. Should these assets be sold, the College may be liable, under the terms of its Financial Memorandum, to surrender the proceeds.

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



## 12 TANGIBLE FIXED ASSETS (CONTINUED)

Included within freehold land and building additions are the final costs relating to the Radcliffe refurbishment.

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

|                                      | £000s         |
|--------------------------------------|---------------|
| Cost                                 | 43,762        |
| Aggregate depreciation based on cost | (4,847)       |
| <b>Net book value based on cost</b>  | <b>38,915</b> |

## 13 INVESTMENTS

Current asset investments represent funds held in short-term deposit accounts of £5,600,000 (2014: £4,360,000).

## 14 DEBTORS

|   | 2015<br>£000s | 2014<br>£000s |
|---|---------------|---------------|
| Amounts falling due within one year:      |               |               |
| Trade debtors                             | 129           | 222           |
| Prepayments and accrued income            | 376           | 274           |
| Amounts owed by the Skills Funding Agency | 103           | 78            |
| <b>Total</b>                              | <b>608</b>    | <b>574</b>    |

## 15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|                              | 2015<br>£000s | 2014<br>£000s |
|------------------------------|---------------|---------------|
| Other loans                  | 590           | 90            |
| Payments received on account | 1,542         | 1,524         |
| Trade creditors              | 205           | 122           |
| Taxation and social security | 345           | 275           |
| Pension creditor             | 121           | 121           |
| SFA income clawback          | 243           | -             |
| Accruals and deferred income | 1,941         | 2,455         |
| <b>Total</b>                 | <b>4,987</b>  | <b>4,587</b>  |

## 16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

|              | 2015<br>£000s | 2014<br>£000s |
|--------------|---------------|---------------|
| Other loans  | 64            | 154           |
| <b>Total</b> | <b>64</b>     | <b>154</b>    |

## 17 BORROWINGS

|                                       | 2015<br>£000s | 2014<br>£000s |
|---------------------------------------|---------------|---------------|
| Other loans are repayable as follows: |               |               |
| In one year or less                   | 590           | 90            |
| Between one and two years             | 64            | 90            |
| Between two and five years            | -             | 64            |
| <b>Total</b>                          | <b>654</b>    | <b>244</b>    |

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

A new loan of £500,000 was received in the 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 six month notice period).

## 18 PROVISIONS FOR LIABILITIES

|   | Enhanced<br>Pension<br>£000s |
|---|------------------------------|
| <b>At 1 August 2014</b>                         | 3,630                        |
| Transferred from income and expenditure account | 147                          |
| Expenditure in the period                       | (163)                        |
| <b>Total</b>                                    | <b>3,614</b>                 |

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

|                 | 2015  | 2014  |
|-----------------|-------|-------|
| Price inflation | 3.46% | 4.06% |
| Discount rate   | 1.75% | 2.25% |

## 19 DEFERRED CAPITAL GRANTS

|   | ERDF<br>£000s | Funding<br>Body<br>£000s | Other<br>£000s | Total<br>£000s |
|---|---------------|--------------------------|----------------|----------------|
| <b>At 1 August 2014</b>                     |               |                          |                |                |
| - Land and buildings                        | 498           | 4,427                    | 90             | 5,015          |
| - Equipment                                 | -             | 306                      | 95             | 401            |
| Cash received:                              |               |                          |                |                |
| - Land and buildings                        | -             | -                        | -              | -              |
| - Equipment                                 | -             | 3                        | -              | 3              |
| Released to income and expenditure account: |               |                          |                |                |
| - Land and buildings                        | (30)          | (123)                    | (3)            | (156)          |
| - Equipment                                 | -             | (62)                     | (65)           | (127)          |
| <b>At 31 July 2015</b>                      | <b>468</b>    | <b>4,551</b>             | <b>117</b>     | <b>5,136</b>   |
| Land and buildings                          | 468           | 4,304                    | 87             | 4,859          |
| Equipment                                   | -             | 247                      | 30             | 277            |
| <b>At 31 July 2015</b>                      | <b>468</b>    | <b>4,551</b>             | <b>117</b>     | <b>5,136</b>   |

## 20 SPECIFIC ENDOWMENTS

|                       | 2015<br>£000s | 2014<br>£000s |
|-----------------------|---------------|---------------|
| <b>As at 1 August</b> | 42            | 42            |
| Expenditure for year  | (1)           | (1)           |
| Income for year       | 1             | 1             |
| <b>As at 31 July</b>  | <b>42</b>     | <b>42</b>     |

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

## 21 REVALUATION RESERVE

|  | 2015          | 2014          |
|--|---------------|---------------|
|  | £000s         | £000s         |
| <b>At 1 August</b>   | 15,755        | 15,381        |
| Transfer from revaluation reserve to general reserve in respect of depreciation on revalued assets | (622)         | (648)         |
| Revaluations in the period (as per note 12)  | -             | 1,022         |
| <b>At 31 July</b>  | <b>15,133</b> | <b>15,755</b> |

## 22 INCOME AND EXPENDITURE RESERVE

|   | 2015          | 2014          |
|---|---------------|---------------|
|   | £000s         | £000s         |
| <b>At 1 August</b>  | 26,200        | 23,968        |
| Surplus/(deficit) for the year  | 517           | (941)         |
| Transfer from revaluation reserve in respect of depreciation on revalued assets | 622           | 648           |
| Actuarial (loss)/gain in respect of pension scheme                              | (2,100)       | 2,525         |
| <b>At 31 July</b>   | <b>25,239</b> | <b>26,200</b> |
| Balance represented by:   |               |               |
| Pension reserve   | (8,189)       | (6,183)       |
| Income and expenditure account reserve  | 33,428        | 32,383        |
|   | <b>25,239</b> | <b>26,200</b> |

## 23 PENSION AND SIMILAR OBLIGATIONS

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

|  | 2015<br>£000s | 2014<br>£000s |
|--|---------------|---------------|
| Teachers' Pension Scheme contribution                      | 1,046         | 1,008         |
| Local Government Pension Scheme:                           |               |               |
| Contributions paid   | 685           | 647           |
| FRS17 charge   | 305           | 426           |
| Charge to the Income and Expenditure Account (staff costs) | 990           | 1,073         |
| Less: amounts recognised as enhanced pension payments      | (8)           | (8)           |
| Less: amounts recognised as restructuring                  | (15)          | -             |
| <b>Total Pension Cost for Year</b>                         | <b>2,013</b>  | <b>2,073</b>  |

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012 and of the LGPS was 31 March 2013.

Contributions amounting to £81,000 (2014: £81,000) were payable to the Scheme at 31 July 2015 and are included within creditors.

### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

### The Teachers' Pension Budgeting And Valuation Account

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

contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

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

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

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

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

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

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

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

### **Scheme Changes**

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

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

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



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

The pension costs paid to TPS in the year amounted to £1,046,000 (2014: £1,008,000)

### FRS17

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

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

## LOCAL GOVERNMENT PENSION SCHEME (LGPS)

The LGPS (West Yorkshire Pension Fund) is a funded defined benefit scheme, with the assets held in separate funds administered by Bradford Metropolitan District Council. The total contribution made for the year ended 31 July 2015 was £972,000 of which employer's contributions totalled £662,000 and employees' contributions totalled £310,000. The agreed contribution rates for future years are 13.1% (12.9% from April 16). Employee contributions are between 5.5% and 12.5% dependent on the full time equivalent salary.

### FRS17

#### Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 and updated to 31 July 2015 by a qualified independent actuary.

|  | Funded<br>2015 | Unfunded<br>2015 | Funded<br>2014 | Unfunded<br>2014 |
|--|----------------|------------------|----------------|------------------|
| Rate of increase in salaries                       | 3.6%           | -                | 3.7%           | -                |
| Rate of increase for pensions in payment/inflation | 2.1%           | 1.9%             | 2.2%           | 2.1%             |
| Discount rate for scheme liabilities               | 3.6%           | 3.5%             | 4.1%           | 4.0%             |
| CPI inflation assumption                           | 2.1%           | 1.9%             | 2.2%           | 2.1%             |

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

|  | At 31<br>July<br>2015 | At 31<br>July<br>2014 |
|--|-----------------------|-----------------------|
| <i>Retiring today/current pensioners:</i>      |                       |                       |
| Males  | 22.6                  | 22.5                  |
| Females  | 25.5                  | 25.4                  |
| <i>Retiring in 20 years/future pensioners:</i> |                       |                       |
| Males  | 24.8                  | 24.7                  |
| Females  | 27.8                  | 27.7                  |

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

|                                     | Value<br><br>2015<br>£000s | Long-term<br>rate of<br>return<br>expected<br>2014 | Value<br><br>2014<br>£000s |
|-------------------------------------|----------------------------|--|----------------------------|
| Equities                            | 22,641                     | 7.5%   | 20,240                     |
| Bonds                               |                            |  |                            |
| - Government                        | 3,102                      | 3.2%   | 2,776                      |
| - Other                             | 1,372                      | 3.7%   | 1,402                      |
| Property                            | 1,342                      | 6.8%   | 889                        |
| Cash                                | 448                        | 1.1%   | 1,051                      |
| Other                               | 925                        | 7.5%   | 593                        |
| <b>Total Market Value of Assets</b> | <b>29,830</b>              |  | <b>26,951</b>              |
| Present value of scheme liabilities |                            |  |                            |
| - Funded                            | (37,911)                   |  | (33,005)                   |
| - Unfunded                          | (129)                      |  | (129)                      |
| <b>Deficit in the scheme</b>        | <b>(8,210)</b>             |  | <b>(6,183)</b>             |

| <b>Analysis of the amount charged to income and expenditure account</b>                | <b>2015<br/>£000s</b> | <b>2014<br/>£000s</b> |
|--|-----------------------|-----------------------|
| Employer service cost  | (990)                 | (1,073)               |
| <b>Total operating charge</b>  | <b>(990)</b>          | <b>(1,073)</b>        |
| <b>Analysis of pension finance cost</b>  |                       |                       |
| Expected return on pension scheme assets   | 1,772                 | 1,709                 |
| Interest on pension liabilities  | (1,373)               | (1,531)               |
| <b>Pension finance income</b>  | <b>399</b>            | <b>178</b>            |
| <b>Amount recognised in the statement of total recognised gains and losses (STRGL)</b> | <b>2015<br/>£000s</b> | <b>2014<br/>£000s</b> |
| Actuarial gain/(loss) on pension scheme assets   | 742                   | (272)                 |
| Actuarial gain on scheme liabilities   | 156                   | 275                   |
| Change in financial and demographic assumptions underlying the scheme liabilities      | (2,998)               | 2,522                 |
| <b>Actuarial (loss)/gain recognised in STRGL</b>                                       | <b>(2,100)</b>        | <b>2,525</b>          |
|  | <b>2015<br/>£000s</b> | <b>2014<br/>£000s</b> |
| <b>Movement in deficit during year</b>   |                       |                       |
| Deficit in scheme at 1 August  | (6,183)               | (8,460)               |
| Movement in year:  |                       |                       |
| Current service charge   | (990)                 | (1,073)               |
| (Including FRS17 Charge of £305,000 (2014:£426,000))                                   |                       |                       |
| Employer contributions   | 685                   | 647                   |
| Pension finance income   | 399                   | 178                   |
| Actuarial (loss)/gain  | (2,100)               | 2,525                 |
| <b>Deficit in scheme at 31 July</b>  | <b>(8,189)</b>        | <b>(6,183)</b>        |

| <b>Asset and liability reconciliation</b> | <b>2015</b>   | <b>2014</b>   |
|---|---------------|---------------|
|   | <b>£000s</b>  | <b>£000s</b>  |
| <b>Reconciliation of liabilities</b>      |               |               |
| <b>Liabilities at start of period</b>     | 33,134        | 33,675        |
| Current service cost                      | 990           | 1,073         |
| Interest cost                             | 1,373         | 1,531         |
| Employee contributions                    | 311           | 301           |
| Actuarial loss/(gain)                     | 2,848         | (2,797)       |
| Benefits paid                             | (631)         | (649)         |
| Past service cost                         | 15            | -             |
| <b>Liabilities at end of period</b>       | <b>38,040</b> | <b>33,134</b> |

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

| <b>Asset and liability reconciliation</b> | <b>2015</b>   | <b>2014</b>   |
|---|---------------|---------------|
|   | <b>£000s</b>  | <b>£000s</b>  |
| <b>Reconciliation of assets</b>           |               |               |
| <b>Assets at start of period</b>          | 26,951        | 25,215        |
| Expected return on assets                 | 1,772         | 1,709         |
| Actuarial gain /(loss)                    | 742           | (272)         |
| Employer contributions                    | 685           | 647           |
| Employee contributions                    | 311           | 301           |
| Benefits paid                             | (631)         | (649)         |
| <b>Assets at end of period</b>            | <b>29,830</b> | <b>26,951</b> |

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

|  | <b>2015</b>    | <b>2014</b>  | <b>2013</b>  | <b>2012</b>    | <b>2011</b>  |
|--|----------------|--------------|--------------|----------------|--------------|
| <b>History of experience gains and losses</b>    |                |              |              |                |              |
| Actuarial gains /(losses) on assets:             |                |              |              |                |              |
| Amount £000s                                     | 742            | (272)        | 2,446        | (1,131)        | 506          |
| % of scheme assets                               | 2.5            | (1.0)        | 9.7          | (5.4)          | 2.4          |
| Experience gains/(losses) on scheme liabilities: |                |              |              |                |              |
| Amount £000s                                     | 156            | 275          | (10)         | (106)          | 4,082        |
| % of scheme liabilities                          | 0.4            | 0.8          | -            | (0.4)          | 15.2         |
| <b>Total amount recognised in STRGL:</b>         | <b>(2,100)</b> | <b>2,525</b> | <b>2,316</b> | <b>(4,369)</b> | <b>5,450</b> |
|  | <b>(5.5)</b>   | <b>7.6</b>   | <b>6.9</b>   | <b>(13.9)</b>  | <b>20.3</b>  |

## 24 RECONCILIATION OF OPERATING DEFICIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

|  | Note | 2015<br>£000s | 2014<br>£000s |
|--|------|---------------|---------------|
| Surplus/(deficit) on continuing operations after depreciation of assets at valuation |      | 517           | (941)         |
| Depreciation   | 12   | 2,188         | 2,161         |
| Deferred capital grants released to income   | 19   | (283)         | (319)         |
| Pension cost less contribution payable   | 22   | 305           | 426           |
| (Increase)/decrease in debtors   |      | (32)          | 98            |
| Increase in creditors  |      | 693           | 572           |
| Decrease in provisions   | 18   | (16)          | (38)          |
| Interest payable   | 10   | 12            | -             |
| Interest receivable  | 6    | (64)          | (81)          |
| FRS17 pension finance income   | 6    | (399)         | (178)         |
| Endowment income receivable  | 6    | (1)           | (1)           |
| <b>Net cash inflow from operating activities</b>                                     |      | <b>2,920</b>  | <b>1,699</b>  |

## 25 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

|   | 2015<br>£000s | 2014<br>£000s |
|---|---------------|---------------|
| Interest received   | 62            | 85            |
| Interest paid   | (12)          | -             |
| Endowment income received   | 1             | 1             |
| <b>Net cash inflow from returns on investments and servicing of finance</b> | <b>51</b>     | <b>86</b>     |

## 26 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

|   | 2015<br>£000s | 2014<br>£000s  |
|---|---------------|----------------|
| Purchase of tangible fixed assets   | (980)         | (4,466)        |
| Deferred capital grants received  | 3             | 1,455          |
| <b>Net cash outflow from capital expenditure and financial investment</b> | <b>(977)</b>  | <b>(3,011)</b> |

## 27 MANAGEMENT OF LIQUID RESOURCES

|  | 2015<br>£000s | 2014<br>£000s  |
|--|---------------|----------------|
| Placing of short-term deposits                                       | 1,240         | (1,750)        |
| <b>Net cash inflow/(outflow) from management of liquid resources</b> | <b>1,240</b>  | <b>(1,750)</b> |

## 28 ANALYSIS OF CHANGES IN NET FUNDS

|                           | At 1 August<br>2014<br>£000s | Cashflows<br>£000s | As at 31 July<br>2015<br>£000s |
|---------------------------|------------------------------|--------------------|--------------------------------|
| Endowment asset           | 42                           | -                  | 42                             |
| Cash in hand and at bank  | 1,654                        | 754                | 2,408                          |
| Current asset investments | 4,360                        | 1,240              | 5,600                          |
| <b>Total</b>              | <b>6,056</b>                 | <b>1,994</b>       | <b>8,050</b>                   |
| Debt due in one year      | (90)                         | (500)              | (590)                          |
| Debt due after one year   | (154)                        | 90                 | (64)                           |
| <b>Total</b>              | <b>5,812</b>                 | <b>1,584</b>       | <b>7,396</b>                   |

## 29 CAPITAL COMMITMENTS

|                           | 2015<br>£000s | 2014<br>£000s |
|---------------------------|---------------|---------------|
| Contracted for at 31 July | 267           | 304           |

### 30 FINANCIAL COMMITMENTS

At 31 July 2015 the College had annual commitments under non-cancellable operating leases as follows:

|   | Other<br>2015<br>£000s | Other<br>2014<br>£000s |
|---|------------------------|------------------------|
| Expiring within one year                      | 4                      | -                      |
| Expiring between two and five years inclusive | 21                     | 21                     |
| <b>Total</b>                                  | <b>25</b>              | <b>21</b>              |

### 31 CONTINGENT LIABILITY

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

### 32 RELATED PARTY TRANSACTIONS

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



### 33 AMOUNTS DISBURSED AS AGENT

|   | 2015<br>£000s | 2014<br>£000s |
|---|---------------|---------------|
| Funding body grants – hardship              | 866           | 875           |
| Funds brought forward from previous year    | 67            | 24            |
|   | 933           | 899           |
| Disbursed to students                       | (684)         | (655)         |
| Administration costs                        | (34)          | (37)          |
| Amount consolidated in financial statements | (7)           | (15)          |
| Funds carried forward to following year     | (97)          | (67)          |
| <b>Balance unspent as at 31 July</b>        | <b>111</b>    | <b>125</b>    |
| Funding body grants - childcare             | 33            | 115           |
| Disbursed to students                       | (22)          | (26)          |
| Administration costs                        | (2)           | (6)           |
| <b>Balance unspent as at 31 July</b>        | <b>9</b>      | <b>83</b>     |
| Funding body grants – HEFCE                 | -             | 19            |
| Funds brought forward from previous year    | 2             | 2             |
| Disbursed to students                       | (2)           | (2)           |
| Administration costs                        | -             | (1)           |
| Funds carried forward to following year     | -             | (2)           |
| <b>Balance unspent as at 31 July</b>        | <b>-</b>      | <b>16</b>     |

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