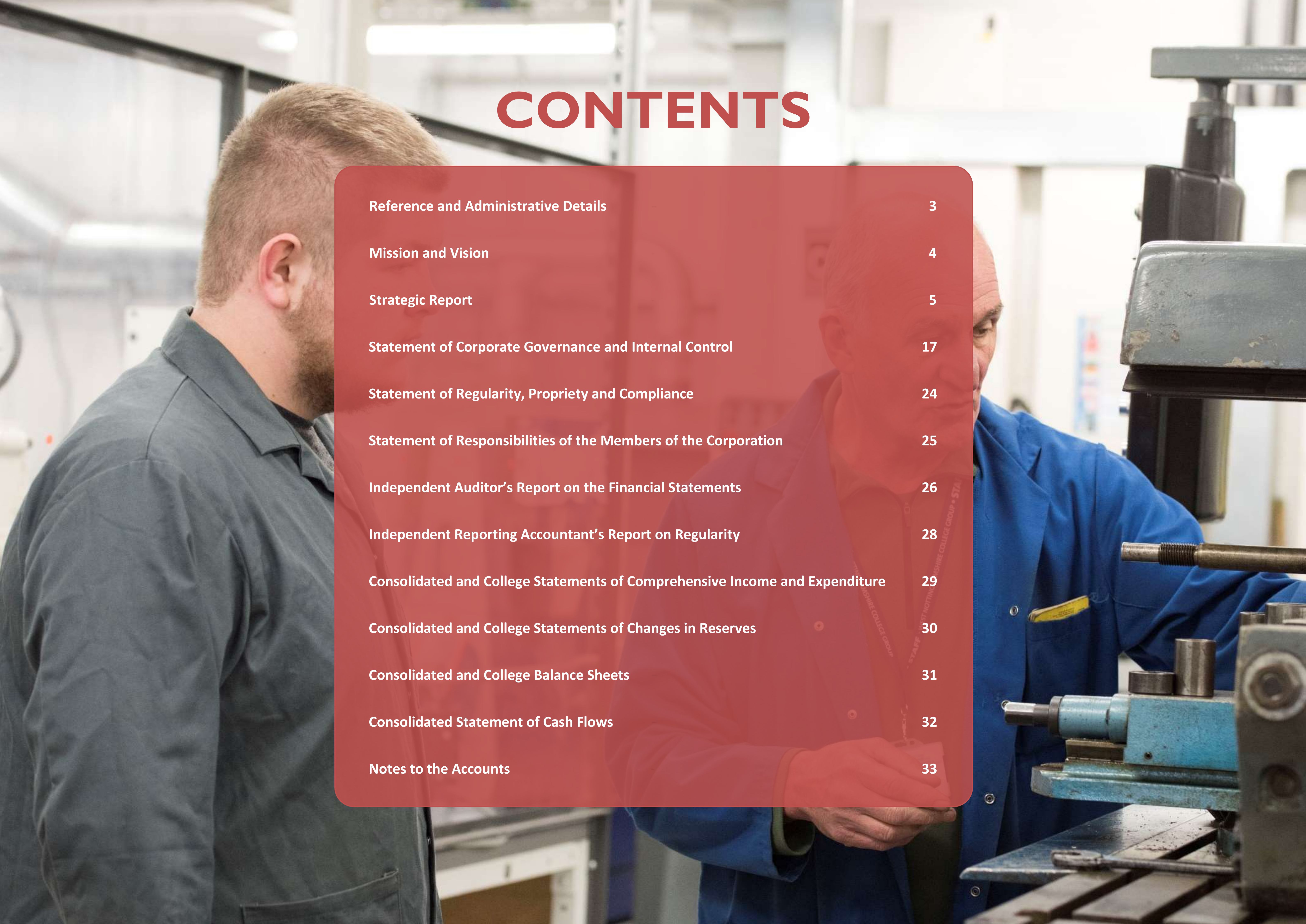
WEST NOTTINGHAMSHIRE COLLEGE

Annual Report and Consolidated Financial Statements

Year ended 31 July 2022

West Nottinghamshire College Group



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Reference & Administrative Details

Registered office:

Vision West Nottinghamshire College, Derby Road, Mansfield, NG18 5BH

A full list of Governors is provided on pages 18-19 of these financial statements.

Mrs Maxine Bagshaw acted as Clerk to the Corporation throughout the period

Key Management Personnel

ANDREW CROPLEY

Principal and CEO; Accounting Officer

JON FEARON

Director of Finance

MATT VAUGHAN

Vice Principal: Curriculum & Quality

LOUISE KNOTT

Vice Principal: Communications, Engagement and Student Experience

Professional Advisers

Financial statements auditor and reporting accountants:

- Mazars LLP, Park View House, 58 The Ropewalk, Nottingham, NG1 5DW

Internal auditor:

- HW Controls & Assurance Ltd, Sterling House, 97 Lichfield Street, Tamworth, B79 7QF

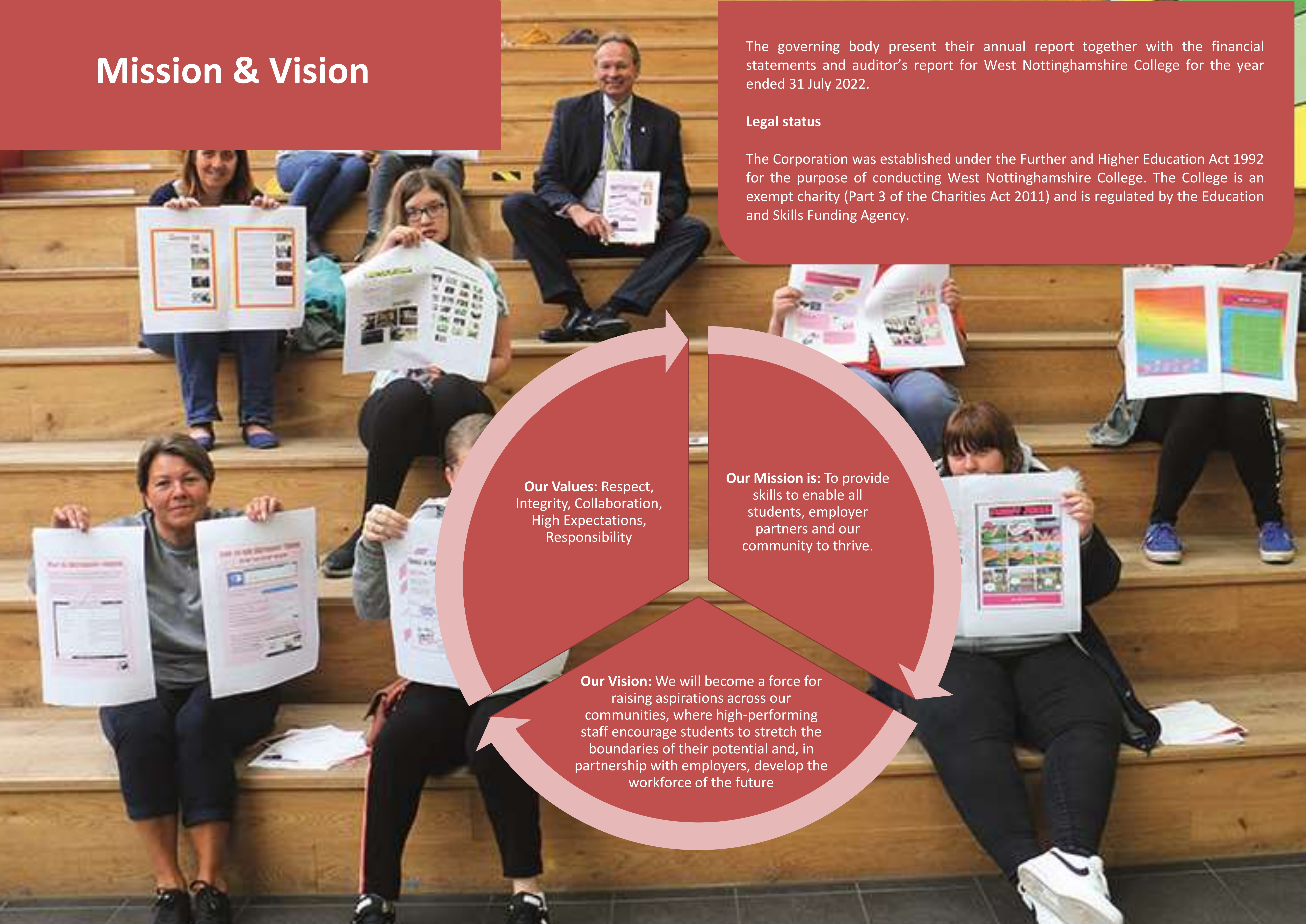
Bankers:

- Lloyds Bank PLC, 1st Floor, 125 Colmore Row, Birmingham, B3 3SF

Solicitors:

- Eversheds Sutherland LLP, Water Court, 116-118 Canal Street, Nottingham, NG1 7HF

Mission & Vision



The governing body present their annual report together with the financial statements and auditor's report for West Nottinghamshire College for the year ended 31 July 2022.

Legal status

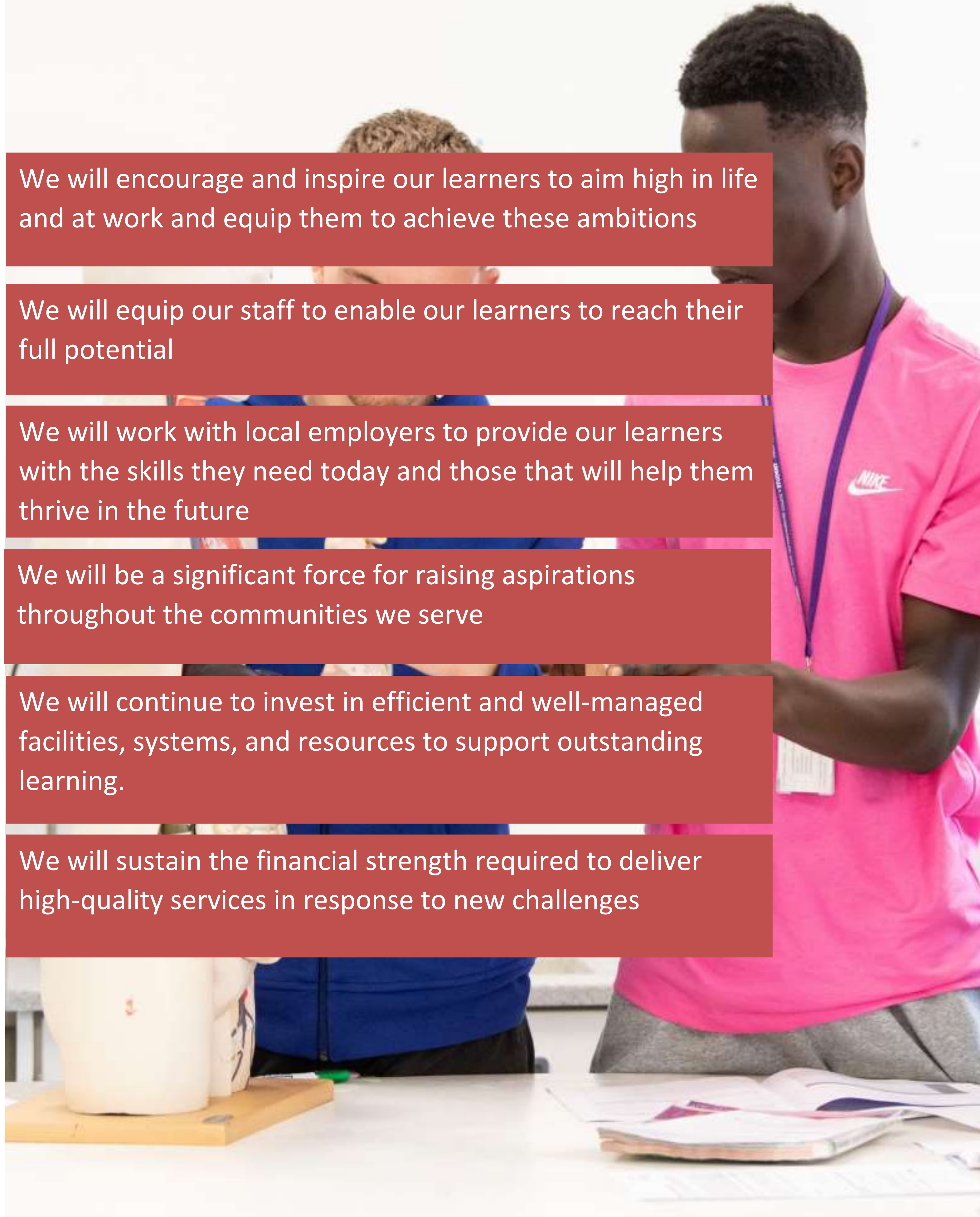
The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting West Nottinghamshire College. The College is an exempt charity (Part 3 of the Charities Act 2011) and is regulated by the Education and Skills Funding Agency.

Our Values: Respect, Integrity, Collaboration, High Expectations, Responsibility

Our Mission is: To provide skills to enable all students, employer partners and our community to thrive.

Our Vision: We will become a force for raising aspirations across our communities, where high-performing staff encourage students to stretch the boundaries of their potential and, in partnership with employers, develop the workforce of the future

Strategic Report: Main Aims



AIM 1: LEARNERS	We will encourage and inspire our learners to aim high in life and at work and equip them to achieve these ambitions
AIM 2: EMPLOYEES	We will equip our staff to enable our learners to reach their full potential
AIM 3: EMPLOYERS	We will work with local employers to provide our learners with the skills they need today and those that will help them thrive in the future
AIM 4: COMMUNITIES	We will be a significant force for raising aspirations throughout the communities we serve
AIM 5: INFRASTRUCTURE	We will continue to invest in efficient and well-managed facilities, systems, and resources to support outstanding learning.
AIM 6: FINANCE	We will sustain the financial strength required to deliver high-quality services in response to new challenges

Strategic Report: Objectives 2021-2026

Fully embed the ASPIRE Curriculum and demonstrate maximum impact on progress towards our vision.

Develop further the Curriculum Strategy in partnership with employers and other partners, incorporating the learning outcomes from Skills Accelerator pilots.

Reduce by one-third the percentage of students missing their target grades compared to 2019 outcomes.

Achieve an Ofsted grade and/or self-assessment grade of ‘outstanding’.

Improve apprenticeship achievement to 77%.

70% of 16-18-year-olds enrolled in GCSE English and Maths improve by at least one grade and 30% by at least two grades.

Improve the proportion of students progressing from each level to the next by at least 10% year-on-year.

Develop meaningful and mutually beneficial partnerships with strategic employer partners that ensure the curriculum meets current as well as future needs and that students are work-ready.

Meet our key financial targets relating to staff cost, operating surplus, EBITDA, growing cash balances, investment for development, and bank covenants.

Managers at all levels lead high-performing teams which are empowered to do their best for students, employers and the community.

66% of all teachers take up industrial experience opportunities as a key part of their development.

Achieve a rating for 'overall satisfaction' in the staff survey of 96.5%.

Further develop the Technology-Enhanced Learning Strategy to build on experience gained.

Progress capital projects in accordance with agreed timescales and within agreed budgets.

Implement the Community Engagement Strategy to deliver maximum impact on progress towards our vision.

Increase the proportion of study programmes students who leave to take up positive full-time destinations in education and employment to 92%.

Implement the carbon reduction strategy working towards a net zero target, and continue to follow the Climate Action Roadmap for FE colleges.

Deliver our Equality and Diversity Action Plan.

Close gaps in outcomes and destinations for learners from disadvantaged groups and those for the student body as a whole.

Financial Health: Milestones Achieved

Our core activity of providing education to young people and adults for the last three years has demonstrated that it is a sustainable operation, generating a surplus of cash to reinvest in our operations and pay down debt, with EBITDA of £1.85m in 2021/22.

Our activity with young people remains our primary activity but, due to the impact of COVID on recruitment activities and strong demand for school leavers within the jobs market, learner numbers fell in 2021/22. This has adversely impacted revenue in 2022/23 as, while recruitment in 2022/23 has been strong, due to lagged funding this growth in income will not be realised until 2023/24.

We have now disposed of all non-core assets following the sale of our last vacant site, allowing a restructuring of debt and leaving a low level of sustainable longer-term debt in place.

We have maintained a strong cash position whilst still making investments in our operations; this has been enhanced by support from the D2N2 Local Enterprise Partnership for our engineering provision. Cash has reduced in year but this is linked to a significant reduction in creditors as we repaid or spent historic grants from the ESFA; additionally there has been an increase in debtors. Cash generated in year has been reinvested in assets to support future growth.

We have completed the first phase of a plan to make more effective use of our Estate. This saw the opening of our town centre Sixth Form College Site and reconfiguration of space at our Derby Rd campus. We completed the final stage of the transfer of space to Nottingham Trent University. Our priority for future stages is to increase capacity in technical areas in Construction and Engineering .

Our new sixth form centre site has seen strong growth in recruitment in September 2021 and 2022.

Note: 'Good' financial health is based on an assessment carried out by the Education and Skills Funding Agency (ESFA). The ESFA is the government agency that provides the statutory monitoring of Further Education College Corporations in England.

Resources

756 Employees

260 Teaching Staff

3,023 16-18 Students

1,480 Apprentices

5,576 Adult Learners

The College has £26.8m (2020/21 £26.0m) of net assets excluding defined benefit pension liabilities of £8.7m (2020/21 £44.6m). Including these pension liabilities, the College has net assets of £18.0m (2020/21 £18.5m liability). Long-term debts as at 31/07/22 were £1.4m (2020/21: £1.7m).

Tangible resources include the College's four main operational sites, the buildings and equipment therein being valued at £34.7m; and three buildings valued at £4.0m are classified as Investment Property and are currently sublet to Nottingham Trent University.

In 2021/22, the College maintained 'good' financial health for the duration of the year, having fully completed a three-year recovery programme.

The College primarily serves the districts of Mansfield and Sutton-in-Ashfield with the extent of its provision reaching across the East Midlands and beyond, and overlaps with providers in the neighbouring conurbations of Nottingham, Derby, Sheffield and Chesterfield. The College seeks to maintain its competitive edge by fostering good relationships with its Stakeholders and partners, undertaking rigorous planning and horizon-scanning exercises, and lobbying for positive change. This enables effective performance for the College in the fast-changing regulatory environment within which it operates.

The College has a good reputation locally and is represented on the three local 'Place Boards' of Mansfield, Ashfield and Sherwood as well as the 'Skills Board' of the D2N2 Local Enterprise partnership. The College plays a full role in developing and meeting local skill needs. In its last Ofsted inspection in 2016, it was rated Good.

Our partnership with Nottingham Trent University has allowed the University to create a Mansfield-based University Campus, including a School of Nursing. This will have a significant positive economic impact on our local community. As a consequence of this development, part of our estate has been reclassified as an investment asset, reflecting the level of rental income that the College generates as landlord.

Development & Performance

The College's improved financial position and investments have placed the College in a strong position to respond to the requirement under the 2021 Skills Act to support the development and skills within our local economy. The College is currently:

- Finalising a £1.1m ESFA-funded Strategic Development Fund project to reshape provision to meet the needs of local employers in engineering/automation. A further £0.4m has been awarded from Phase 2 of this Fund for 2022/23.
- Developing an £8.5m Tech Centre in Mansfield with support from the Mansfield Towns Fund and is also seeking support from the ESFA.
- Developing projects with Ashfield District Council's Towns Fund to meet the training need in construction and automation.

Stakeholders of West Nottinghamshire College

- its current, future, and past students.
- its staff and their trade unions.
- Local, Regional and National employers.
- Funding Agencies & Banks.
- Local Authorities and the Local Enterprise Partnership (D2N2).
- the FE Commissioner.
- the local community.
- Members of Parliament.
- other FE institutions, Universities, Schools and Academies.

Financial objectives

In working towards achieving the objectives focused on improving long term financial health, the College:

The Financial Health score of 'Good' has been attained through a positive EBITDA for the year, a strong balance sheet, and continued low levels of borrowing.

Development & Performance

Financial results

The Group Statement of Comprehensive Income for the financial year reports total comprehensive income of £36.6m (2020/21: £22.4m) impacted by:

- a significant actuarial gain of £38.0m (2020/21: £7.15m) within the defined benefit pension liability.
- gain on revaluation of investment assets of £0.9m.

£36.6m
COMPREHENSIVE INCOME

£23.7m
STAFF COSTS

The Group generated a deficit before other gains and losses of £2.309m (2020/21: surplus of £1.994m), with total income of £35.4m (2020/21: £37.2m). Group staff costs in 2021/22 in year were £23.7m (2020/21: £23.2m); this includes an all-staff bonus awarded in September 2021 and targeted pay awards in December 2021. The small increase on the previous year demonstrates strong cost control through improved efficiency and effective recruitment strategies.

The College's key financial measure is Education Sector EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) which provides a good measure of ongoing operational performance. The table shows EBITDA for the Group and then the College performance excluding discontinued operations, of which there were none in 2021/22.

The sector target is to achieve an Education Sector EBITDA of 8%+ of turnover. The Group generated an EBITDA surplus of £1.8m at 5.2% (2020/21 surplus of £3.7m), all from continuing operations (last year EBITDA surplus excluding discontinued operations was £2.6m at 7.3%). Although marginally below the 8% sector target, this demonstrates a strong sustainable performance for the College, which has generated funds for reinvestment in the curriculum.

EBITDA	**21/22**	**20/21**
	£'000	**£'000**
Total Comprehensive Income for the year	36,592	w22,366
add back:		
Depreciation & Impairment (note 12)	2,224	1,868
Revaluation of investment properties	-	4,042
Interest paid (note 10)	78	349
FRS 102 pension interest (note 10)	704	759
FRS 102 Service Cost (note 25)	1,476	1,682
increase in Holiday Pay provision	103	90
less:		
Release of deferred capital grant (note 2)	(427)	(2,989)
Profit on disposal of assets	(9)	(17,303)
FRS102 Actuarial gain in respect of pensions schemes (note 25)	(38,012)	(7,146)
Interest received (note 6)	-	1
Revaluation of investment properties	(880)	-
Education Sector EBITDA	**1,849**	**3,719**
	5.2%	**10.0%**
Education Sector EBITDA excluding discontinued operations	**1,849**	**2,558**
	5.2%	**7.3%**

Development & Performance

Cash and Debt

The Group has cash and short term investment balances of £2.1m (2020/21: £5.6m). The College is seeking to maintain its cash balance as at 31 July in the range of £2.0m-£2.5m. Cash flow varies across the year with March/April being the low point for cash balances. The College seeks to maintain a cash balance in March in excess of £0.5m. This level of cash holding would provide a reasonable safety net for the College should there be a change from the current operations. The Group has short term loans due within one year of £0.2m (2020/21: £0.2m). Long term loans of £1.4m (2020/21: £1.7m) are for a facility up to May 2028. All ESFA liabilities that relate to years prior to 2021/22 have been repaid in year.

Staff Engagement

Staff engagement and morale are good with responses to the annual staff survey in 2022 showing high levels of satisfaction in key areas. Staff have also been actively involved in the development of the strategic plan, Business Improvement Projects and the self-assessment process.

Group Companies

The College has one live subsidiary company, Vision Business Support Services (VBSS) Ltd. which traded throughout the year; its sole purpose is to employ staff that provide support services to the College.

Surpluses generated by the trading subsidiaries are transferred to the College under a deed of covenant to the extent that this does not result in a distribution of reserves. In the current year, VBSS was operated on a breakeven basis and therefore did not generate a surplus (2020/21: £81k).

The College also wholly owns BKSB India Private Limited, which ceased trading in April 2021; after a period of dormancy the College are planning to close and strike off this business. The business is not of significant materiality and has not been consolidated within these financial statements.

Reserves

The Group's reserves position has significantly improved its in 2021/22 to £18.0m (2020/21: -£18.6m) total unrestricted reserves. Accumulated Income and Expenditure reserves are £23.0m (2020/21: £22.1m) excluding defined benefit pension liabilities of £8.7m (2020/21: £44.6m). This strong improvement in reserves is from the actuarial gain in year due to the increase in the discount rate used in the actuarial assumptions.

Developments

Tangible fixed asset additions during the year amounted to £2.4m (2020/21: £1.9m) of which £1.0m is Grant Funded. The College benefitted from a £1.1m Strategic Accelerator Development Fund (SADF) grant from the ESFA, of which £0.8m has been spent on capital improvements to Engineering facilities including the fitting out of a mobile classroom, with a further £0.1m revenue spend and £0.2m deferred at year end.

Impact of Covid-19

COVID-19 impacted the Colleges operations in 2021/22 resulting in:

- Increased operational cost to support testing, maintain staffing during periods of increased absence and due to the cost of implementing COVID-19 safe working environments.
- The inability to retain public open days etc, had an impact on 2021/22 recruitment to 16 to 19 programmes.

Despite the impact of COVID-19 the overall performance in year was positive.

Sources of Income

The Group has significant reliance on the education sector funding bodies for its principal funding source, mainly from recurrent grants. In 2021/22 the FE funding bodies provided 87% (2020/21: 84%) of the Group's total income.

Development & Performance

Student Achievements

Further improvements in teaching enabled a greater proportion of learners to make substantial and sustained progress from their starting points. The vast majority of learners achieved their vocational and technical qualifications. The overall achievement rate for study programme learners for 2020/21 at 87% is above the national rate of 83.4%. However, if compared to the 'weighted national rate' where only the qualifications the College offers are compared to that nationally, the College performance is just below by 1% (87% against 88%). There is more to improve; the residual progress score for all study programmes learners' vocational qualification progress was -0.6 for the year against a metric of '0' to having achieved target. For adults, the progress score was -0.07. Some learners in a minority of subjects, particularly those studying subjects with a large proportion of practical skills, failed to excel and acquire ever-more complex knowledge and apply such knowledge proficiently.

There was much effective teaching practice in subjects such as computer science, foundation studies, media, early years, uniformed protective services, functional skills, sports, Access to HE, hospitality and catering, performing arts, motor vehicle and adult learning. This enabled most learners studying these subjects to make good progress in their acquisition of knowledge and application of skills. The quality of teaching of English GCSE, health and social care courses significantly improved on previous years.

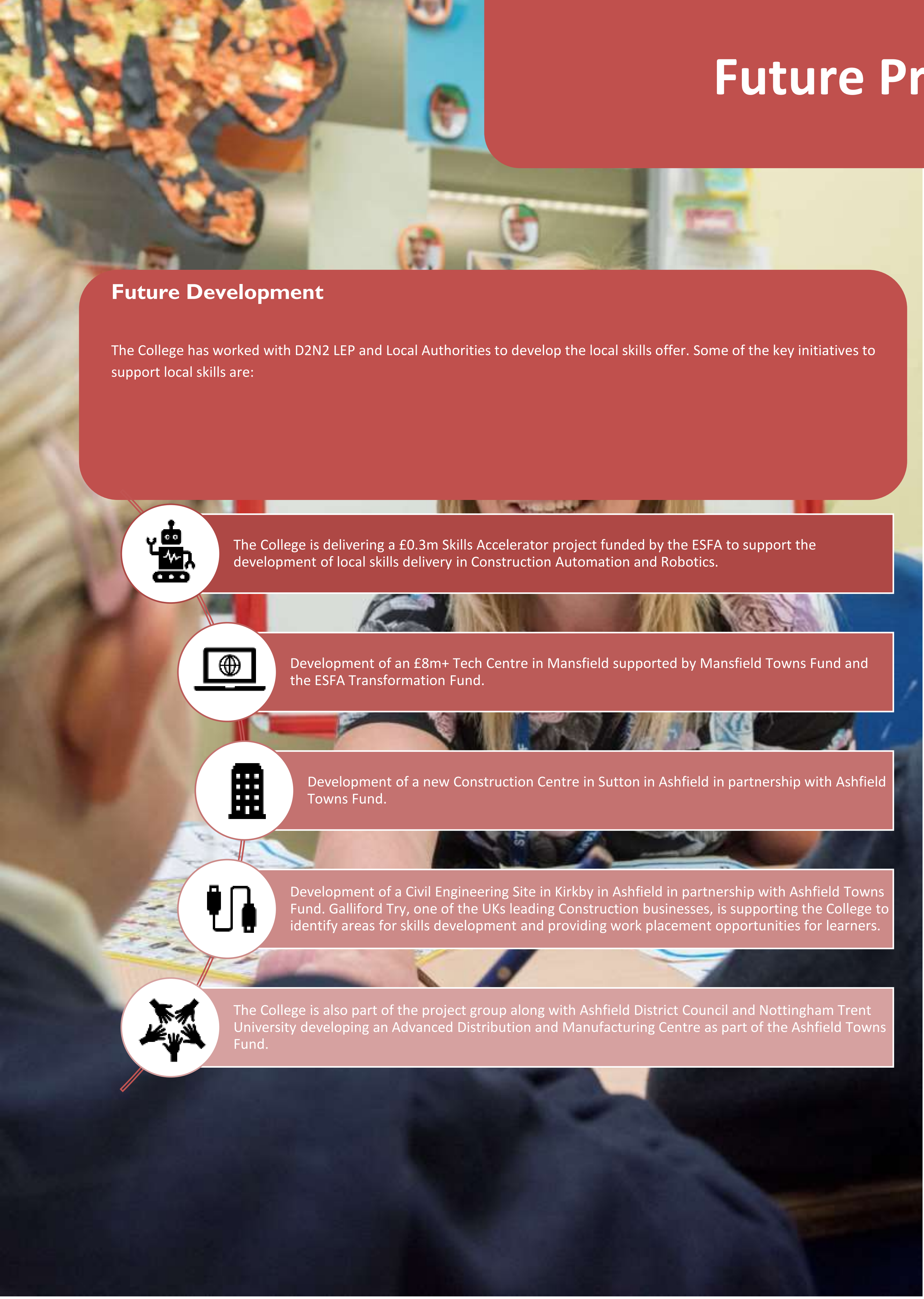
Learners with LLDD, high needs, EHCP plans progressed as well as their peers and there were no gaps between the attainment of males and females. However, while learners of BME origin stayed in learning as well as their peers, fewer achieved their qualifications (-3%). Learners in receipt of free meals also did not succeed as well as their peers (-3%). The dedicated focus to improve the achievement and prospects of young people with experience of local authority care is paying off; the achievement gap between this priority group and their peers has halved since 2018/19 from -16% to -7% but there is more work to do to reduce this gap that has remained over the last two years.

The volume of learners studying technical qualifications has increased by 46% over time. There has been a deliberate drive to provide technical qualifications as they are the most apt, challenging and relevant qualifications for learners to study in order for them to have the best chances of purposeful employment. This aligns to the commitment of the College to provide T levels, of which the first four subject lines (with seven occupational specialisms) roll out in September 2023. However, in 2021/22 a total of 48% of learners studying level 2 and 3 courses with grade boundaries achieved high grades. This was a decline on the most recent comparable year (pre-CV19 pandemic) of 8%. Those studying applied general courses and level 2 technical certificate courses fared far better than in 2018/19 but a lesser proportion of learners studying level 3 technical qualifications achieved high grades.

Despite relentless challenges posed by the legacy of the CV19 pandemic (March 2020 - summer 2021) and the spike in the 'Omicron' variant between November 2021 and 2022, to apprentices' timely and overall achievement, the College's leaders and managers have self-assessed apprenticeships provision as 'good'. Leaders, managers and specialists continue to self-assess apprenticeships provision in digital, accountancy, hairdressing, beauty therapy as good. Construction is also now robustly self-assessed as good provision, having been 'RI' for the first part of the 2021/22 year. The overall achievement for engineering apprentices is above that of similar providers nationally (at 71%) but provision was judged as 'RI' because not enough apprentices make swift progress.. The overall retention of apprentices due to end in 2021/22 is 57.6% while the overall achievement data stands at 55.03%, set against national rate of 51.8% for standards programmes (the majority of the College's provision) .

The exponential increase in the College's adult and community learning provision has undoubtedly improved the College's reach and offer across local communities it serves as well as the wider LEP area. The increase in provision has included a deliberate targeting of providing learning to address skills gaps in the region. This emphasis continues to grow. The considerable rise in activity has incrementally been underpinned by greater and greater levels of high-quality teaching and good use of the RARPA process with learners. A far greater proportion of adult learners now prosper and thrive than previously and while some weaknesses remain in a minority of subcontracted provision and directly taught provision, adult and community learning is now judged to be 'good' having previously been judged to be 'requires improvement' in 2020/21.

Future Prospects



Future Development

The College has worked with D2N2 LEP and Local Authorities to develop the local skills offer. Some of the key initiatives to support local skills are:

- The College is delivering a £0.3m Skills Accelerator project funded by the ESFA to support the development of local skills delivery in Construction Automation and Robotics.
- Development of an £8m+ Tech Centre in Mansfield supported by Mansfield Towns Fund and the ESFA Transformation Fund.
- Development of a new Construction Centre in Sutton in Ashfield in partnership with Ashfield Towns Fund.
- Development of a Civil Engineering Site in Kirkby in Ashfield in partnership with Ashfield Towns Fund. Galliford Try, one of the UKs leading Construction businesses, is supporting the College to identify areas for skills development and providing work placement opportunities for learners.
- The College is also part of the project group along with Ashfield District Council and Nottingham Trent University developing an Advanced Distribution and Manufacturing Centre as part of the Ashfield Towns Fund.

Financial Plan

During 2021/22 the College consolidated its financial position which ensured its Financial Health remained 'Good' for the duration of the reporting period. The College's Finance and Estates Committee oversee the financial performance of the College, with no further formal monitoring by the ESFA and FE Commissioner as the College fully repaid in 2020/21 the £10.25m of Exceptional Financial Support (EFS) provided by the ESFA.

The College has set a budget for 2022/23 that provides a 7.3% target EBITDA and a further improvement to working capital. The ESFA provided an increase in 16 to 18 funding rates in 2022/23 but no increase in the rates for Apprenticeships or Adults.

Treasury policies and objectives

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

The College has a separate treasury management policy in place. 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.

Cash flows and liquidity

Group cash outflows from all activities of £3.5m in 2021/22 (2020/21: £1.8m) was primarily due to repayment of several creditors reducing the College's outstanding balances. This included £2.5m repaid to the ESFA for AEB under-performance with the amount being fully provided for in the 2020/21 Financial Statements.

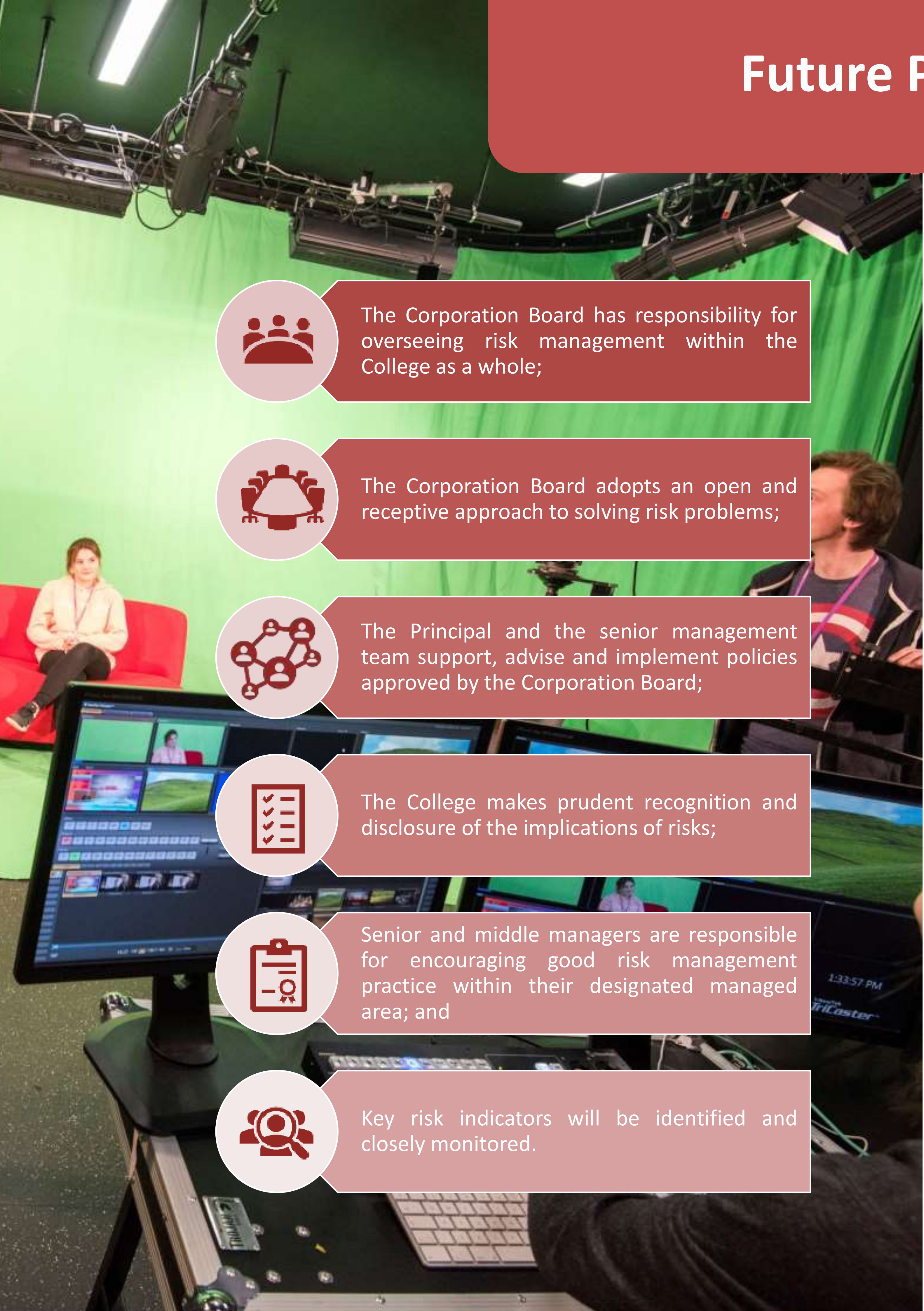
As of 31 July 2022, the College had an outstanding debt of £1.6m over a 6-year term (2020/21: £1.9m). There is currently no revolving credit facility (RCF) agreement in place with Lloyds to facilitate short-term borrowing and nor is there an expectation that one will be required in 2022/23.

Principal Risks and Uncertainties

The Governing Body considers the risk management strategy on an annual basis and regularly receives and reviews the strategic high-level risk register both at the Audit Committee and the Board.

In September 2021, the Board considered the College's Risk Management Strategy and approved the key strategic risks presented by the Executive. The Board reviews the strategy on an annual basis so that the approach to identifying and managing risk is appropriate to the College's operating climate.

Future Prospects



The Corporation Board has responsibility for overseeing risk management within the College as a whole;

The Corporation Board adopts an open and receptive approach to solving risk problems;

The Principal and the senior management team support, advise and implement policies approved by the Corporation Board;

The College makes prudent recognition and disclosure of the implications of risks;

Senior and middle managers are responsible for encouraging good risk management practice within their designated managed area; and

Key risk indicators will be identified and closely monitored.

In approaching risk management in a planned and systematic approach, the Board will ensure that processes for the identification, assessment and mitigation of the risks which could hinder the achievement of strategic objectives are effective. Good risk management facilitates rather than hinders innovation across the College. It involves the following main steps:

- Assessing the College's risk appetite;
- Identifying the key strategic risks that would prevent the achievement of objectives;
- Assigning ownership at Executive and Corporation Board level;
- Evaluating the significance of each risk;
- Identifying suitable responses to each risk;
- Ensuring the internal control system helps manage the risks;
- Developing the assurance mechanism to the Corporation Board; and
- Regular reviews through the Executive and the Audit Committee.

To assess the adequacy and effectiveness of the approach to risk management, the College will consider several critical success factors:

- Senior management support in leading on risk management.
- The organisational culture supports well thought out risk-taking and innovation.
- The management of risk is fully embedded in management processes and consistently applied.
- The management of risk is closely linked to the achievement of objectives.
- Risks associated with working with other organisations are assessed and managed; and
- Risks are actively monitored and regularly reviewed.

Outlined below are the Key Strategic Risks identified by the Executive and approved by the Corporation Board, which have been highlighted as the most significant in meeting the College challenges for the coming year. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

- Maintaining staffing in a competitive market;
- Meeting increased costs of services and staff; and
- Responding to high levels of growth in Apprenticeships, 16 to 18 provision and Adult Learning.

Other Information

Public Benefit

West Nottinghamshire College is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 18-19. In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. In delivering its mission, the College provides identifiable public benefits through the advancement of education to students and apprentices, including those with high needs. In addition to funds provided by the Government, the College uses its funds to support young people accessing and remaining in education. The College also uses its resources to support activities with 14- to 16-year-olds by providing access to vocational delivery. Numerous local groups use the College's buildings in areas such as sport and the arts; the student population are actively engaged in raising funds for local charities and national charities such as Children in Need.

Equality

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

The College publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation, including the Equality Act 2010. The most recent Ofsted report in 2017 identified the promotion of equality and diversity and British values to be a vital strength of the College.

The College is a 'Disability Confident' employer and has committed to the principles and objectives of the standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide equal opportunities to those of non-disabled employees. The College has also implemented an Equality & Diversity training programme which staff have attended. Refresher training and training for new starters is carried out on an ongoing basis.

Disability Statement

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

a. To ensure access to provision for people with disabilities.
b. There is a list of specialist equipment, which the College can make available for use by learners.
c. The College has made a significant investment in the appointment of specialist lecturers to support learners with learning difficulties and disabilities. There are several learner support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for learners who have learning difficulties and/or disabilities.
d. Specialists' programmes are described in programme information guides while achievements and destinations are recorded and published in the standard College format; and
e. Provides a range of counselling and welfare services to support students.

Other Information

Trade Union Facility Time

	Period 01-Apr-21 to 31-Mar-22
Number of employees who were trade union representatives during the relevant period:	**8 (Headcount)** **5.6 (FTE)**
Percentage of working hours spent on facility time:	
0%	
1-50%	**8**
51-99%	
100%	
Total cost of facility time:	**£13,714**
Total pay bill:	**£185,243**
Percentage of total bills spent on facility time:	**0.06%**
Time spent on paid trade union activities as a percentage of total paid facility time:	**7.40%**

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of an agreement to the contrary, requires organisations 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 per cent. During the accounting period 1 August 2021 to 31 July 2022, the College met that target other than explicit exceptions such as invoice disputes. The College incurred no interest charges in respect of late payment for this period.

Events after the reporting period:

On 29 November 2022, the Office for National Statistics reclassified all college corporations as public sector institutions with immediate effect and this prompted the Department for Education to introduce some new rules for colleges which will take effect during 2022/23.

The College considers this announcement to be a non-adjusting post balance sheet event and is evaluating the implications of the announcement and the potential new rules but do not consider that they will have an impact on these financial statements.

Disclosure of Information to the Auditor

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 auditor 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 auditor are aware of that information.

Approved by order of the members of the Corporation on 15 December 2022 and signed on its behalf by:

Sean Lyons

Chair of the Corporation

Statement of Corporate Governance & 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.

In October 2018 the College was subject to formal intervention by the ESFA and FE Commissioner. The College has responded positively to this process and has made the following progress to allow the ESFA and FE Commissioner to remove intervention during the year:

- Maintaining a paid Chair (with approval from the Charity Commission) to provide a stronger leadership of governance.
- Reviewing the membership of governing body and maintaining a wide range of governors with the experience to support the recovery of the organisation, with strengths in finance, law, HR, business and IT.
- Ensuring adequate frequency of meetings of the full board and sub-committees to enhance scrutiny.
- Finalising joint investigations of historical funding issues with the ESFA and settling the liability
- Delivering the first year of the recovery plan agreed with the FE Commissioner, ESFA and Lloyds bank.
- Appointing new permanent key management with sector experience

In October 2020 the FE commissioner recognised that the College was making significant progress on the actions that were required to achieve the financial recovery of the College. On 16th June 2021 the ESFA formally ended financial intervention for the College. This statement covers the period from 1 August 2021 to 31 July 2022 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
ii. in full accordance with the guidance to Colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code"); and
iii. having due regard to the UK Corporate Governance Code 2016 insofar as it applies to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with ''the Code''. We have not adopted the UK Corporate Governance Code; however, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects 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 Code'', and it has complied throughout the year ended 31 July 2022.

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to always observe the highest standards of corporate governance. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 17 September 2015.

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

The Corporation

Name of Governor	Date of Appointment/ Re-appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance during 2021/2022 only	
						Committee	Board
Andrew Cropley	11.06.2018	Principal & CEO		Principal & CEO	FE ST WFD	100% 100% 67%	100%
Andrew Spencer	15.10.2020	4 years Current term ends on 15.10.2024		Staff Member (Support)	ST WFD	100% 100%	100%
Beverly Whitefoot	11.02.2021	4 years Current term ends on 11.02.2025	10.02.2022	Staff Member (Academic)	ST WFD	100% 100%	67%
John Winfield	01.03.2022	4 years Current term ends on 01.03.2026		Staff Member (Academic)	ST	50%	67%
Rebecca Joyce	25.10.2018	4 years Current term ends on 25.10.2022		Independent Member	A	83%	83%
Mary Mamik	25.10.2018	4 years Current term ends on 25.10.2022	22.10.2021	Independent Member	ST (Chair)	100%	100%
Neil McDonald	25.10.2018	4 years Current term ends on 25.10.2022		Independent Member	A (Chair) SPG	100% 100%	83%
Kate Truscott	25.10.2018	4 years Current term ends on 25.10.2022		Independent Member Vice Chair, Corp. Board	WFD (Chair) ST SPG	100% 100% 75%	100%
Sardip Sandhu	25.10.2018	4 years Current Term ends on 25.10.2022		Independent Member Vice Chair, Corp. Board	A WFD	67% 67%	100%
Steve Sutton	25.10.2018	4 years Current Term ends on 25.10.2022		Independent Member	ST	67%	67%
Tony Westwater	25.10.2018	4 years Current Term ends on 25.10.2022		Independent Member	FE	80%	83%
Sean Lyons	31.01.2019	4 years as Chair Current Term ends on 31.01.2023		Chair, Corp. Board Since 31.01.19	SPG	67%	83%
Spencer Moore	01.08.2019	4 years Current term ends on 01.08.2023		Independent Member	ST	67%	67%
Charles Heaton	01.08.2019	4 years Current term ends on 01.08.2023		Independent Member	FE (Chair) SPG	100% 67%	100%
Nathan Clements	15.10.2020	4 years Current term ends on 15.10.2024	12.11.2021	Independent Member	WFD	-	0%
David Gillies	15.10.2020	4 years Current term ends on 15.10.2024		Independent Member	FE WFD	60% 33%	33%
Keith Spiers	15.10.2020	4 years Current term ends on 15.10.2024		Independent Member	-	N/A	33%
Angela Newton-Soanes	20.05.2021	4 years Current term ends on 20.05.2025		Independent Member	ST (Chair) (Vice-Chair until Oct 2021) SPG	83% 100%	50%
Ben Owen	15.07.2021	4 years Current term ends on 15.07.2025		Independent Member	ST (Vice-Chair from Oct 2021)	83%	67%

Name of Governor	Date of Appointment/ Re-appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance during 2021/2022 only	
						Committee	Board
Jane Peacock	10.02.2022	4 years Current term ends on 10.02.2026		Independent Member	FE	100%	100%
Alison Barker	14.07.2022	4 years Current term ends on 14.07.2026		Independent Member	A	-	-
Ann Treacy	15.10.2020	4 years Current term ends on 14.10.2024		Audit Committee co-optee	A	83%	N/A
Helen Wilcockson	26.06.2019	4 years Current term ends on 26.06.2023		WFD Staff Co-optee	WFD (co-optee)	100%	N/A
Ella Brookes	26.06.2019	4 years Current term ends on 26.06.2023		WFD Staff Co-optee	WFD (co-optee)	100%	N/A
William Burton	01.08.2021	1 academic year Current term ends on 31.07.2022		Student Governor	-	N/A	50%
Joshua Charles	20.05.2021	1 academic year Current term ends on 31.07.2022		Student Governor	-	N/A	67%
Kia Shaw	01.08.2022	1 academic year Current term ends on 31.07.2023		Student Governor	-	N/A	-
Elizabeth Whitehead	01.08.2022	1 academic year Current term ends on 31.07.2023		Student Governor	-	N/A	-
Sheik Rayhan	01.08.2022	1 academic year Current term ends on 31.07.2023		Student Governor	-	N/A	-
Maxine Bagshaw acts as Clerk to the Corporation. *denotes re-appointment R = Remuneration; FE = Finance and Estates; A = Audit; ST = Standards; WFD = Workforce Development							

Notwithstanding the comments made above, 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-relates matters such as health and safety and environmental issues. The Corporation and Finance and Estates Committee meet each month to ensure regular oversight and scrutiny.

The Corporation conducts its business through a number of committees. Each committee has terms of reference which have been approved by the Corporation. These committees are:

- Finance and Estates;
- Standards;
- Remuneration;
- Workforce Development; and
- Audit

Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College' website at www.wnc.ac.uk or from the Clerk to the Corporation at:

West Nottinghamshire College
Derby Road
Mansfield
Nottinghamshire
NG18 5BH

The Governance Framework

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

All governors can 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 on the advice of the Remuneration Committee, whose membership comprises of the board and committee chairs.

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are provided on an ad hoc basis. The Corporation has a strong and independent non-executive element, and no individual or group dominates its decision-making process.

The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. There is a clear division of responsibility in that the roles of the Chairman and Accounting Officer are separate.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole, on the advice of an agreed selection panel who conduct interviews. 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 unless exceptional circumstances are identified by the Board in their search for appropriate skills and experience.

Corporation Performance

The Corporation undertakes self-assessment annually. In 2021/22 this was completed over the summer with a formal report on outcomes and recommendations presented to the October 2022 board meeting. The year-end self-assessment process included individual review of its own performance by each committee, the completion of questionnaires, governor 1:1's with the Chair and also an appraisal of the Chair's performance. Every governor participated in the process.

Remuneration Committee

Throughout the year ending 31 July 2022, the College's Remuneration Committee comprised five members of the Corporation; these were the committee Chairs and the Chair of the board. The Committee's responsibilities are to make recommendations to the Board on the objectives, performance and remuneration and benefits of the Accounting Officer and other senior post holders and the Clerk to the Clerk to the Corporation. Details of remuneration for the year ended 31 July 2022 are set out in Note 8 to the financial statements.

Audit Committee

The Audit Committee comprises four members of the Corporation (excluding the Accounting Officer and Chair). The Committee operates under written terms of reference approved by the Corporation.

The Audit Committee met five times in 2021/22 and attendance is provided in the table on p18-19. The Committee provides a forum for reporting by the College's internal auditor, reporting accountants and financial statements auditor, 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. The audit committee agree the scope of fieldwork planned before activity commences. 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 the internal auditor, reporting accountants and financial statements auditor and their remuneration for audit and non-audit work as well as reporting annually to the Corporation.

Finance and Estates Committee

The Finance and Estates (F&E) Committee comprises up to seven members appointed by the Corporation, including the Principal and Chief Executive. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Committee met monthly and provides a forum for consideration of monthly management accounts, the Financial Recovery Plan, Financial and Estates risks, strategic matters, including strategic plans, joint ventures, financial matters including the year-end accounts and subcontracting activity and estates matters including the property strategy, IT strategy and capital expenditure.

Workforce Development Committee

The Workforce Development Committee (WDC) was established in 2018/19. The committee operates in accordance with written terms of reference approved by the Corporation. Membership is up to seven members, including the Principal and Chief Executive and two co-opted members of staff. The committee meets on at least a termly basis and reviews and advises the board on a range of workforce development matters. The committee operates to an agreed work plan.

Standards Committee

The Standards committee comprises six members, including two external committee co-optees. The committee operates in accordance with written terms of reference approved by the Corporation. The committee meets on at least a termly basis and reviews and advises the Board on outcomes, curriculum performance, the SAR, the SED, Teaching, Learning and Assessment, sub-contracting performance and curriculum strategy and planning.

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 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 they were personally responsible, in accordance with the responsibilities assigned to them in the Financial Memorandum between West Nottinghamshire College and the funding bodies. They were also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of college policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. An effective system of internal control was in place in West Nottinghamshire College for the year ended 31 July 2022 and up to the date of approval of the Strategic 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 the ongoing process for identifying, evaluating, and managing the College's significant risks for the period ending 31 July 2022 and up to the date of approval of the annual report and accounts, was effective. This is evidenced by the significant improvement to the Colleges underlying performance and resolution of historical issues regarding funding.

The risk and control framework

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

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

West Nottinghamshire College has an internal audit service, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the audit committee. As a minimum, annually, the Head of Internal Audit (HIA) provides the governing body with a 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.

Statement from the Audit Committee

The Audit Committee has advised the board of governors that the corporation has an effective framework for governance and risk management in place. The Audit Committee believes the Corporation has effective internal controls in place. The Audit Committee in 2021/22 and up to the date of the approval of the financial statements considered the following Internal Audit reviews:

Review	Final Report Date	Overall Assurance Level
Core Financial Controls	13/05/22	Substantial
Student Records	22/03/22	Adequate
Safer Recruitment & SCR	02/03/22	Adequate
H&S Health Check	23/06/22	Adequate
Quality Management	23/06/22	Substantial
IG Health Check	08/06/22	Substantial
Follow Up	24/06/22	Adequate
Sub-Contract Certification*	29/07/22	Materially Comply

**Note: We do not grade recommendations arising from Sub-Contract Certification as these relate to compliance with ESFA funding rules.*

The Internal Auditor's Annual Report of 2021/22 provided the following to the Audit Committee which formed key part of their conclusion on controls.

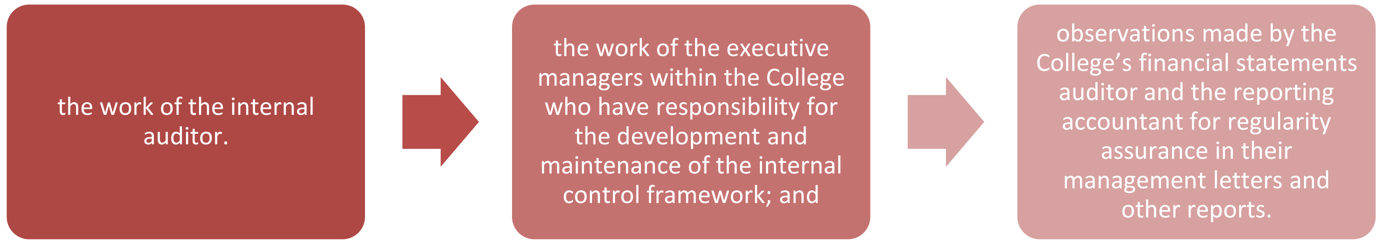
''Based on the work performed we offer our conclusion as to the adequacy and effectiveness (or inadequacy and ineffectiveness) of the College's risk management, control, and governance processes. Overall, in our opinion, based upon the reviews performed during the year, the West Nottinghamshire College:

- ✓ *has adequate and effective risk management.*
- ✓ *has adequate and effective governance; and*
- ✓ *has adequate and effective control processes.''*

The External Auditor identified no control issues during the 2021/22 audit.

Review of Effectiveness

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



The Accounting Officer has been advised on 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. The Audit Committee concluded that the system of internal control for the year ended 31 July 2022 was effective. Action to address any weaknesses in the control environment has made substantial progress in the year.

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

Responsibilities under Funding Agreements

The College's approach to its system of internal controls, together with the assurance provided from specific relevant Internal Audit reports, and the work of the College's dedicated Quality team in conducting its own data checks, has ensured the College has materially complied with published guidance and the specifications within its funding agreements with the Education and Skills Funding Agency and Office for Students.

Going concern

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

The Group has recorded a deficit before other gains and losses of £2.3m for the year ended 31 July 2022. During the year the impact of COVID-19 on the financial position of the College was limited. In the 2021/22 academic year the forecasts for revenue have reflected a reduction in apprenticeship volumes. The Group had net current liabilities of £0.5m at the balance sheet date including £0.4m payable to the Education and Skills Funding Agency (ESFA).

The Group has maintained a strong balance sheet despite, cash reducing in year due to the repayment of liabilities and expenditure for capital asset where the grant was received in advance. The College holds sufficient cash to meet ongoing operational requirements and will incrementally build up cash. Strong recruitment of learners in October 2022 will help secure future years income. Rising costs for Staff and general inflationary pressure on non-pay expenditure, in particular utilities, will be offset by growth in income and savings. This will ensure the College retains its financial health rating of **GOOD** for the year ahead.

Based on the financial forecast for 2022/23 to 23/24, which indicates that operations will be cash generative, the College will be able to maintain its covenants through to July 2024. Based on the information available, the Corporation believes it is appropriate to prepare the financial statements on a going concern basis.

Approved by order of the members of the Corporation on 15 December 2022 and signed on its behalf by:

Sean Lyons	**Andrew Cropley**
Chair of the Corporation	**Accounting Officer**

Statement of Regularity, Propriety & Compliance

As accounting officer I confirm that the corporation has had due regard to the requirements of grant funding agreements and contracts with ESFA and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with terms and conditions of funding.

I confirm on behalf of the corporation that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the corporation, or material non-compliance with the terms and conditions of funding, under the corporation's grant funding agreements and contracts with ESFA, or any other public funder.

I 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 ESFA.

Andrew Cropley

Accounting Officer

15 December 2022

Statement of Responsibilities of the Members of the Corporation

The members of the corporation, as charity trustees, are required to present audited financial statements for each financial year.

Within the terms and conditions of the corporation's grant funding agreements and contracts with ESFA, the corporation – through its accounting officer – is required to prepare financial statements and, within the Members' Report, an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice, and which gives a true and fair view of the state of affairs of the corporation and surplus of income over expenditure for that period.

The corporation is also required to prepare a members' report that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation.

The corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the corporation and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

The corporation is responsible for the maintenance and integrity of its website(s); the work carried out by auditors does not involve consideration of these matters and, accordingly, 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 expenditure and income 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 ESFA, and any other public funds, are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA, or any other public funder. 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 economic, efficient, and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 15 December 2022 and signed on its behalf by:

Sean Lyons - Chair of the Corporation

REQUIREMENTS OF THE CORPORATION IN PREPARING FINANCIAL STATEMENTS

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the accounts and auditor's report)
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the corporation will continue in operation

Independent Auditor's Report to the Corporation of West Nottinghamshire College

Opinion

We have audited the financial statements of West Nottinghamshire College (the 'College') and its subsidiary (the 'Group') for the year ended 31 July 2022 which comprise the Group and College Statements of Comprehensive Income and Expenditure, the Group and College Statement of Changes in Reserves, the Group and College Balance Sheets, the Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education.
In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and College's affairs as at 31 July 2022 and of the Group's and College's surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for Opinion

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

Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the Members of the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Members of the Corporation with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Corporation is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are Required to Report by Exception

We have nothing to report in respect of the following matters where the Post 16 Audit Code of Practice issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- the information given in the report of the Members of the Corporation, including the operating and financial review and statement of corporate governance, is inconsistent with the financial statements; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Corporation

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 25 the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Corporation is responsible for assessing the Group's and College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intend to liquidate the Group or the College or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Corporation of West Nottinghamshire College

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Group and the College and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: compliance with the ESFA funding agreements, the OfS regulatory framework, the OFSTED regulatory framework, safeguarding, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Group and the College is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Group and the College which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation and pension legislation.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the assumptions used in determining the valuations of defined benefit obligations and the valuation of investment property, revenue recognition (which we pinpointed to the cut-off assertion in respect of non-funding body grant income), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Members of the Corporation and management on whether they had knowledge of any actual, suspected, or alleged fraud.
- Gaining an understanding of the internal controls established to mitigate risks related to fraud.
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other Required Reporting

Opinion on other matters prescribed in the OfS Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds provided by the OfS and UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions attached to them; and
- the requirements of OfS's accounts direction have been met.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the OfS Audit Code of Practice requires us to report to you if, in our opinion:

- the provider's grant and fee income, as disclosed in the notes to the financial statements, has been materially misstated.

Use of the Audit Report

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

Mazars LLP
Mazars LLP (Dec 20, 2022 12:08 GMT)

Mazars LLP
Chartered Accountants and Statutory Auditor
Park View House, 58 The Ropewalk
Nottingham, NG1 5DW

Date: 20 December 2022

Independent Reporting Accountant's Report on Regularity to the Corporation of WNC & the Secretary of State for Education acting through the Education & Skills Funding Agency

To: The corporation of West Nottinghamshire College and Secretary of State for Education acting through Education and Skills Funding Agency ("ESFA")

In accordance with the terms of our engagement letter dated 12 July 2022 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by West Nottinghamshire College during the period 1 August 2021 to 31 July 2022 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder.

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

Respective responsibilities of West Nottinghamshire College and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2021 to 31 July 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued by ESFA. 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 and propriety.

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 and propriety of the corporation's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Reviewed the statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding.
- Reviewed the College's completed self-assessment questionnaire on regularity.
- Read the financial memorandum with the ESFA/funding agreement with the ESFA.
- Tested a sample of expenditure disbursed and income received to consider whether they have been applied to purposes intended by Parliament and in accordance with funding agreements where relevant.
- Reviewed approved policies and procedures operating during the year for each funding stream that has specific terms attached
- Obtained the policy for personal gifts and/or hospitality and the register of personal interests.
- Obtained the financial regulations/financial procedures and the College's whistleblowing policy.

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 2021 to 31 July 2022 has not been applied to purposes intended by Parliament, and the financial transactions do not conform to the authorities that govern them.

Mazars LLP
Mazars LLP (Dec 20, 2022 12:08 GMT)

Signed: Mazars LLP

Date: 20 December 2022

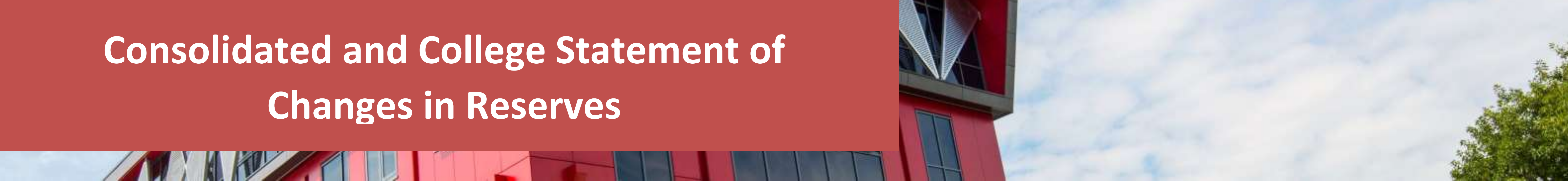
Consolidated and College Statements of Comprehensive Income & Expenditure

Year ended 31 July 2022

	Notes	GROUP Continuing Operation £'000	GROUP Discontinued Operations £'000	GROUP Total £'000	COLLEGE Continuing Operations £'000	COLLEGE Discontinued Operations £'000	COLLEGE Total £'000
INCOME							
Funding body grants	2	31,238		31,238	31,238	-	31,238
Tuition fees and education contracts	3	1,256	-	1,256	1,256	-	1,256
Other grants and contracts	4	751	-	751	751	-	751
Other income	5	2,171	-	2,171	2,167	-	2,167
Endowment and investment income	6	-	-	-	-	-	-
Total Income		**35,416**	**-**	**35,416**	**35,412**	**-**	**35,412**
EXPENDITURE							
Staff costs	8	23,744	-	23,744	23,744	-	23,744
Other operating expenses	9	10,975	-	10,975	10,971	-	10,971
Depreciation	12	2,224	-	2,224	2,224	-	2,224
Interest and other finance costs	10	782	-	782	782	-	782
Total Expenditure		**37,725**	**-**	**37,725**	**37,721**	**-**	**37,721**
Deficit before other gains and losses		**(2,309)**	**-**	**(2,309)**	**(2,309)**	**-**	**(2,309)**
Profit on disposal of assets	12	9	-	9	9	-	9
Revaluation of investment properties	14	880	-	880	880	-	880
Deficit before tax		**(1,420)**	**-**	**(1,420)**	**(1,420)**	**-**	**(1,420)**
Taxation	11	-	-	-	-	-	-
Deficit for the year		**(1,420)**	**-**	**(1,420)**	**(1,420)**	**-**	**(1,420)**
Actuarial gain in respect of pension schemes	25	38,012	-	38,012	38,012	-	38,012
Total Comprehensive Income for the year		36,592	-	36,592	36,592	-	36,592

Year ended 31 July 2021

	Notes	GROUP Continuing Operations £'000	GROUP Discontinued Operations £'000	GROUP Total £'000	COLLEGE Continuing Operations £'000	COLLEGE Discontinued Operations £'000	COLLEGE Total £'000
INCOME							
Funding body grants	2	31,401	-	31,401	31,401	-	31,401
Tuition fees and education contracts	3	1,322	-	1,322	1,322	-	1,322
Other grants and contracts	4	47	-	47	47	-	47
Other income	5	2,066	2,377	4,443	2,142	1,161	3,303
Endowment and investment income	6	1	(2)	(1)	1	-	1
Total Income		**34,837**	**2,375**	**37,212**	**34,913**	**1,161**	**36,074**
EXPENDITURE							
Staff costs	8	22,365	865	23,230	22,365	-	22,365
Other operating expenses	9	8,711	301	9,012	8,788	-	8,788
Depreciation	12	1,854	14	1,868	1,854	-	1,854
Interest and other finance costs	10	1,108	-	1,108	1,108	-	1,108
Total Expenditure		**34,038**	**1,180**	**35,218**	**34,115**	**-**	**34,115**
Surplus before other gains and losses		**799**	**1,195**	**1,994**	**798**	**1,161**	**1,959**
(Loss) on disposal of assets	12	17,303	-	17,303	17,303	-	17,303
Revaluation of investment properties	14	(4,042)	-	(4,042)	(4,042)	-	(4,042)
Surplus before tax		**14,060**	**1,195**	**15,255**	**14,059**	**1,161**	**15,220**
Taxation	11	-	(35)	(35)	-	-	-
Surplus for the year		**14,060**	**1,160**	**15,220**	**14,059**	**1,161**	**15,220**
Actuarial loss in respect of pension schemes	25	7,146	-	7,146	7,146	-	7,146
Total Comprehensive Income for the year		21,206	1,160	22,366	21,205	1,161	22,366



Consolidated and College Statement of Changes in Reserves

Year ended 31 July 2022	Income and expenditure account £'000	Revaluation reserve £'000	Total £'000
Group			
Balance at 31 July 2020	**(44,888)**	**3,968**	**(40,920)**
Surplus from the income and expenditure account	15,220	-	15,220
Other comprehensive gain/(loss)	7,146	-	7,146
Transfers between revaluation and income and expenditure reserves	86	(86)	-
Total comprehensive income for the year	22,452	(86)	22,366
Balance at 31 July 2021	**(22,436)**	**3,882**	**(18,554)**
Surplus from the income and expenditure account	(1,420)	-	(1,420)
Other comprehensive gain/(loss)	38,012	-	38,012
Transfers between revaluation and income and expenditure reserves	147	(147)	-
Total comprehensive income for the year	36,739	(147)	36,592
Balance at 31 July 2022	14,303	3,735	18,038
College			
Balance at 31 July 2020	**(44,901)**	**3,981**	**(40,920)**
Surplus from the income and expenditure account	15,220	-	15,220
Other comprehensive gain/(loss)	7,146	-	7,146
Transfers between revaluation and income and expenditure reserves	99	(99)	-
Total comprehensive income for the year	22,465	(99)	22,366
Balance at 31 July 2021	**(22,436)**	**3,882**	**(18,554)**
Surplus from the income and expenditure account	(1,420)	-	(1,420)
Other comprehensive gain/(loss)	38,012	-	38,012
Transfers between revaluation and income and expenditure reserves	147	(147)	-
Total comprehensive income for the year	36,739	(147)	36,592
Balance at 31 July 2022	14,303	3,735	18,038

Consolidated and College Balance Sheets

Year Ended 31 July	Notes	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Non-current assets					
Tangible assets	12	34,776	34,776	34,842	34,842
Investments	13	-	-	-	-
Investment property	14	4,000	4,000	3,120	3,120
Total Non-Current Assets		**38,776**	**38,776**	**37,962**	**37,962**
Current assets					
Stocks		15	15	8	8
Trade and other receivables	15	1,800	1,810	1,155	1,285
Cash and cash equivalents	20	2,162	2,055	5,693	5,620
Total Current Assets		**3,977**	**3,880**	**6,856**	**6,913**
Less: Creditors – amounts falling due within one year	16	(4,527)	(4,430)	(7,597)	(7,654)
Net current (liabilities)		**(550)**	**(550)**	**(741)**	**(741)**
Total assets less current liabilities		**38,226**	**38,226**	**37,221**	**37,221**
Creditors – amounts falling due after more than one year	17	(10,637)	(10,637)	(10,334)	(10,334)
Provisions					
Defined benefit obligations	19	(8,750)	(8,750)	(44,582)	(44,582)
Other provisions	19	(801)	(801)	(859)	(859)
Total net assets/(liabilities)		**18,038**	**18,038**	**(18,554)**	**(18,554)**
Unrestricted Reserves					
Income and expenditure account		14,303	14,303	(22,436)	(22,436)
Revaluation reserve		3,735	3,735	3,882	3,882
Total unrestricted reserves		**18,038**	**18,038**	**(18,554)**	**(18,554)**

Consolidated Statement of Cash Flows

YEAR ENDED 31 JULY	Notes	2022 £'000	2021 £'000
Cash flow from operating activities			
(Deficit)/Surplus for the year		(1,420)	15,255
Adjustment for non-cash items:			
Depreciation		2,224	1,868
(Increase)/Decrease in stocks		(7)	12
(Increase)/Decrease in debtors		(645)	36
(Decrease) in creditors due within one year		(2,804)	(2,258)
(Decrease) in creditors due after one year		(511)	(2,397)
(Decrease)/Increase in provisions		(58)	29
Pensions costs less contributions payable		2,180	2,221
Revaluation of investment properties		(880)	4,042
Taxation		-	(35)
Adjustment for investing or financing activities			
Investment income		-	1
Interest payable		78	349
Profit on sale of BKSB		-	(17,301)
Gain/(Loss) on sale of fixed assets		9	(2)
Net cash flow from operating activities		**(1,834)**	**1,820**
Cash flows from investing activities			
Proceeds from sale of fixed assets		256	2
Disposal of subsidiary (net of cash disposed)		-	16,763
Investment income		-	(1)
Deferred capital grants received		814	792
Payments made to acquire fixed assets		(2,405)	(1,917)
Net cash flow from investing activities		**(1,335)**	**15,639**
Cash flows from financing activities			
Interest paid		(78)	(349)
Repayments of amounts borrowed – Bank		(241)	(10,246)
Repayments of amounts borrowed – Other		(43)	(7,852)
Net cash flow from financing activities		**(362)**	**(18,447)**
(Decrease) in cash and cash equivalents in the year		(3,531)	(988)
Cash and cash equivalents at beginning of the year	**20**	**5,693**	**6,681**
Cash and cash equivalents at end of the year	**20**	**2,162**	**5,693**

Notes to the Accounts

1. Statement of Accounting Policies and Estimation Techniques

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

Basis of Preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2021 to 2022* and in accordance with Financial Reporting Standard 102 – *"The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland"* (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102. The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

Basis of Accounting

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

Basis of Consolidation

The consolidated financial statements include the College and its subsidiary Vision Business Support Services Limited controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. The College also wholly owns BKSB India Private Limited, which ceased trading in April 2021; after a period of dormancy the College plans to close and strike off this business. The business is not of significant materiality and has not been consolidated within these financial statements.

Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the students' union have been consolidated because the College exercises control over those activities. All financial statements are made up to 31 July 2022.

Going Concern

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

The Group has recorded a deficit before other gains and losses of £2.3m for the year ended 31 July 2022. During the year the impact of COVID-19 on the financial position of the College was limited. In the 2021/22 academic year the forecasts for revenue have reflected a reduction in apprenticeship volumes. The Group had net current liabilities of £0.5m at the balance sheet date including £0.4m payable to the Education and Skills Funding Agency (ESFA). An unused revolving credit facility of £1 million previously available to the College in 2019/20 expired in December 2020.

The Group has maintained a strong balance sheet despite cash reducing in-year due to the repayment of liabilities and expenditure for capital assets where the grant was received in advance. The College holds sufficient cash to meet to ongoing trading and will incrementally build up cash. Strong recruitment of learners in October 2022 will help secure future years income. Rising costs for Staff and general inflationary pressure on non-pay expenditure, in particular utilities, will be offset by growth in income and savings. This will ensure the College retains its financial health rating of **GOOD** for the year ahead.

Based on the financial forecast for 2022/23 to 23/24, which indicates that operations will be cash generative, the College will be able to maintain its covenants through to July 2024. Based on the information available, the Corporation believes it is appropriate to prepare the financial statements on a going concern basis.

Recognition of Income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the 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 following the year-end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from the Office for Students represents the funding allocations attributable to the current financial year and is credited directly to the Statement of Comprehensive Income.

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

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

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

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

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

Accounting for Post-Employment Benefits

Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit plans, which are externally funded. The Group also has a defined contribution scheme.

The TPS is an unfunded scheme. Contributions to the TPS are calculated to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantial level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries based on valuations using a prospective benefit method. The TPS is a multi-employer scheme, and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

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

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

Short-Term Employment Benefits

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

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income 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 Association of Colleges.

Non-Current Assets - Tangible Fixed Assets

Tangible fixed assets are stated at cost/deemed cost (including irrecoverable VAT and costs incurred for installation and commissioning) less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured based on deemed cost, being the revalued amount at the date of that revaluation. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and Buildings

Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable. On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, as deemed cost but not to adopt a policy of revaluations of these properties in the future. Land is not depreciated.

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, at which point they are transferred to the relevant Fixed Asset group.

Subsequent Expenditure on Existing Fixed Assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

Equipment

Equipment purchased in a batch exceeding £2,000 order value is capitalised at cost.

Equipment costing less than £2,000 per individual item is recognised as an expenditure in the period of acquisition. All other equipment is capitalised at cost.

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

- technical equipment 5 years
- motor vehicles 5 years
- computer equipment 3 years
- furniture, fixtures and fittings 5 years

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. The carrying value of two College sites has been impaired at year-end.

Investment Property

Investment properties are measured at fair value annually and any changes to the value goes through the Statement of Comprehensive Income and Expenditure.

Borrowing Costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

Leased Assets

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

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Assets held under finance leases are included intangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Investments

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Other Investments

Listed investments held as non-current assets and current asset investments, which may include listed investments, are stated at fair value, with movements recognised in Comprehensive Income. Investments comprising unquoted equity instruments are measured at fair value, estimated using a valuation technique.

Inventories

Inventories are stated at the lower of their cost (using the first in first out method) and net realisable value, being selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow-moving, and defective items.

Cash and Cash Equivalents

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

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

Financial Liabilities and Equity

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

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

Foreign Currency Translation

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

Taxation

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

The College is partially exempt in respect of Value Added Tax so that it can only recover around 2% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The College's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

Provisions and Contingent Liabilities

Provisions are recognised when

- the College has a present legal or constructive obligation because of a past event
- it is probable that a transfer of economic benefit will be required to settle the obligation
- a reliable estimate can be made of the amount of the obligation.

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

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

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

Agency Arrangements

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

Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty

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

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

Other key sources of estimation uncertainty

- *Tangible fixed assets:* Tangible fixed assets, other than investment properties, are depreciated over their useful lives considering residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on several factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are considered. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- *Local Government Pension Scheme:* The present value of the Local Government Pension Scheme defined benefit liability depends on several factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in Note 25, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed on 31 March 2019 has been used by the actuary in valuing the pensions liability on 31 July 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.
- *Pension Increase Order*: with reference to the potential impact of the 10.1% increase of CPI inflation disclosed in Note 25, management have decided not to recognise the possible 2023 pension increase order.
- *Valuation of investment property:* The College carries its investment property at fair value and engages independent valuers to determine fair value on an open market value on an existing use basis. The calculated fair value of the investment property therefore uses assumptions, of which the most sensitive relate to market conditions.

2. Funding Body Grants

YEAR ENDED JULY 31	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Recurrent grants				
Education and Skills Funding Agency - Adult	6,019	6,019	4,726	4,726
Education and Skills Funding Agency - 16-18	20,115	20,115	19,142	19,142
Education and Skills Funding Agency - Apprenticeships	3,941	3,941	3,719	3,719
Office for Students	87	87	222	222
Specific grants				
Teachers' Pension Scheme	467	467	579	579
Skills Accelerator Development Fund (SADF)	182	182	-	-
Releases of government capital grants	427	427	2,989	2,989
HE grants	-	-	24	24
Total	**31,238**	**31,238**	**31,401**	**31,401**
			h8	
Analysis of grant and fee income				
Grant income from the Office for Students	87	87	246	246
Grant income from other bodies	30,075	30,075	27,587	27,587
Fee income for taught awards (exclusive of VAT)	154	154	285	285
Fee income for research awards (inclusive of VAT)	-	-	-	-
Fee income for non-qualifying course	1,006	1,006	776	776
Total grant and fee income	**31,322**	**31,322**	**28,894**	**28,894**

3. Tuition Fees & Education Contracts

YEAR ENDED JULY 31	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Adult education fees	-	-	1	1
Apprenticeship fees and contracts	84	84	26	26
Fees for FE loan supported courses	895	895	723	723
Fees for HE loan supported courses	155	155	285	285
Other students fees	26	26	26	26
Total tuition fees	**1,160**	**1,160**	**1,061**	**1,061**
Education contracts	96	96	261	261
Total	**1,256**	**1,256**	**1,322**	**1,322**

4. Other Grants & Contracts

YEAR ENDED JULY 31	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
ERASMUS	18	18	45	45
Other grants and contracts	733	733	2	2
Total	**751**	**751**	**47**	**47**

5. Other Income

YEAR ENDED JULY 31	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Catering and residences	763	763	371	371
Other income generating activities	1,284	1,280	4,038	2,898
Other grant income	-	-	-	-
Miscellaneous income	124	124	34	34
Total	**2,171**	**2,167**	**4,443**	**3,303**

Other income-generating activities for the Group includes £nil (2020/21: £1.2m) relating to BKSB income. Gift aid from VBSS is included in other income-generating activities for the College 2021/22: £nil (2020/21: £0.04m).

6. Investment Income

YEAR ENDED JULY 31	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Investment income	-	-	-	-
Other interest receivable	-	-	(1)	1
Total	**-**	**-**	**(1)**	**1**

7. Donations – College only

No unrestricted donations during 2020/21 and 2021/22 financial years.

8. Staff Cost – Group

The average number of persons (including key management personnel) employed by the Group during the year, disclosed on an average head count basis, was:

YEAR ENDED JULY 31	2022 No.	2021 No.
Teaching staff	260	249
Non-teaching staff	496	470
Total staff	**756**	**719**

Staff Costs for the above persons:

YEAR ENDED JULY 31	2022 £'000	2021 £'000
Wages and salaries	17,166	16,412
Social security costs	1,603	1,552
Other pension costs	4,057	4,078
Payroll subtotal	**22,826**	**22,042**
Contracted out staffing services	918	1,188
Redundancy costs:		
- contractual	-	-
- non-contractual	-	-
Total Staff costs	**23,744**	**23,230**

The College does not have any salary sacrifice arrangements in place.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the College and are represented by the Senior Post Holders, which comprises the Principal and members of the Executive who are appointed by the Corporation Board. The number of key management personnel, including the Accounting Officer, in 2021/22 was four (2020/21: four).

Key management personnel compensation is made up as follows:

YEAR ENDED JULY 31	2022 £'000	2021 £'000
Salaries – gross salary sacrifice and waived emoluments	425	414
Performance related pay and bonus	4	-
Benefits in kind	-	-
Pension contributions	80	77
Total emoluments	**509**	**491**

YEAR ENDED JULY 31	Key management personnel		Other staff	
	2022 No.	2021 No.	2022 No.	2021 No.
£65,001 to £70,000 p.a.	-	-	-	1
£70,001 to £75,000 p.a.	-	-	1	1
£80,001 to £85,000 p.a.	-	1	-	-
£85,001 to £90,000 p.a.	1	-	-	1
£90,001 to £95,000 p.a.	1	1	-	-
£95,001 to £100,000 p.a.	1	1	-	-
£140,001 to £145,000 p.a.	-	1	-	-
£150,001 to £155,000 p a	1	-	-	-
Total	**4**	**4**	**1**	**3**

The above emoluments include amounts payable to the Principal who is the Accounting Officer and is also the highest-paid member of staff for the period 1 August 2021 to 31 July 2022:

YEAR ENDED JULY 31	2022 £'000	2021 £'000
Salary	150	144
Performance related pay and bonus	-	-
Benefits in kind	-	-
Pension contributions	26	25
Total emoluments	**176**	**169**

The governing body adopted AoC's Senior Staff Remuneration Code in July 2019 and will assess pay in line with its principles in future.

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

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

The Principal undertakes annual reviews with key management personnel based on achievement of College objectives; recommendations are made to the remuneration committee based on these reviews. Relationship of Principal/Chief Executive pay, and remuneration expressed as a multiple:

YEAR ENDED JULY 31	2022	2021
Principal's basic salary as a multiple of the median of all permanent staff	5.80	5.41
Principal and CEO's total remuneration as a multiple of the median of all permanent staff	6.80	6.34

The members of the Corporation other than the Accounting Officer, Chair and the staff members did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties. The Chair received remuneration of £12,000 for the period 1 August 2021 to 31 July 2022 (2020/21: £12,000).

9. Other Operating Expenses

YEAR ENDED JULY 31	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Teaching costs	2,123	2,123	1,420	1,420
Subcontractor costs	1,404	1,404	1,542	1,542
Non-teaching costs	5,546	5,542	4,006	3,782
Premises costs	1,902	1,902	2,044	2,044
Total	10,975	10,971	9,012	8,788

Other operating expenses include:

YEAR ENDED JULY 31	2022 £'000	2021 £'000
Auditor's remuneration:		
Financial statements audit*	46	48
Internal audit**	31	17
Other services provided by the financial statement's auditor	1	1
Other services provided by the internal auditor	-	-
Hire of assets under operating leases	50	88

* includes £46k in respect of the College only (2020/21: £48k)

** includes £31k in respect of the College (2020/21: £17k)

10. Interest & Finance Costs – Group only

YEAR ENDED JULY 31	2022 £'000	2021 £'000
On bank loans, overdrafts, and other loans:	78	349
Net interest on defined pension liability (Note 25)	704	759
Total	782	1,108

11. Taxation – Group only

YEAR ENDED JULY 31	2022 £'000	2021 £'000
United Kingdom corporation tax at 19%	-	35
Provision for deferred tax in the accounts of the subsidiary company	-	-
Total	-	35

12. Tangible Fixed Assets – Group only

YEAR ENDED JULY 31	Land and Buildings (Freehold) £'000	Equipment £'000	Assets Under Construction £'000	Total £'000
Cost or valuation				
At 1 August 2021	42,351	18,861	-	61,212
Additions	222	1,889	294	2,405
Disposals	(248)	-	-	(248)
At 31 July 2022	**42,325**	**20,750**	**294**	**63,369**
Depreciation				
At 1 August 2021	9,417	16,953	-	26,370
Charge for the year	1,277	947	-	2,224
Disposals	(1)	-	-	(1)
At 31 July 2022	**10,693**	**17,900**	**-**	**28,593**
Net book value at 31 July 2022	**31,632**	**2,850**	**294**	**34,776**
Net book value at 31 July 2021	32,934	1,908	-	34,842

All assets are owned by the College thus the balances are identical to the Group disclosure above.

Land and buildings were valued in 1996 at depreciated replacement cost by Innes England, a firm of independent chartered surveyors.

13. Non-Current Investments

The College owns 100 per cent of the issued ordinary £1 shares of Vision Business Support Services Ltd, which is a Limited Company incorporated in England and Wales. The principal activity of Vision Business Support Services Limited is the provision of back-office services.

14. Investment Property

WNC (Group) & WNC (College)	£'000
Carrying value at 1 August 2021	3,120
Transfer from tangible fixed assets	-
Gains/(losses) from fair value adjustments	880
Carrying value at 31 July 2022	**4,000**

Investment properties are revalued each year by an independent valuer, Avison Young, a RICS Registered Valuer. The valuation has been prepared in accordance with the RICS Valuation – Global Standards effective from 31 January 2020 and in accordance with UK GAAP and FRS 102. It is provided within these standards and associated RICS practice statements that, for properties that are held as investments, the basis of valuation is Fair Value. The definition of Fair Value in accordance with FRS 102 is as follows:

"The amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction."

Avison Young have adopted a market-based valuation for the assets, using available comparable information, and provided a formal revaluation as at 31 July 2022.

15. Trade & Other Receivables

YEAR ENDED JULY 31	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Amounts falling due within one year:				
Trade receivables	191	191	85	85
Amounts owed by group undertakings:				
Subsidiary undertakings	-	10	-	130
Prepayments and accrued income	1,609	1,609	1,070	1,070
Deferred tax provision	-	-	-	-
Amounts owed by the ESFA	-	-	-	-
Total	**1,800**	**1,810**	**1,155**	**1,285**

16. Creditors: Amount Falling due within 1 year

YEAR ENDED JULY 31	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Bank loans and overdrafts	252	252	241	241
Other loans	-	-	43	43
Trade payables	359	359	414	404
Amounts owed to group undertakings:				
Subsidiary undertakings	-	9	-	162
Corporation tax	-	-	-	-
Other taxation and social security	400	298	381	287
Accruals and deferred income	2,787	2,783	3,227	3,226
Deferred income - government capital grants	290	290	290	290
Deferred tax liability	-	-	-	-
Amounts owed to the ESFA	439	439	3,001	3,001
Total	**4,527**	**4,430**	**7,597**	**7,654**

17. Creditors: Amount Falling due after 1 year

YEAR ENDED JULY 31	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Bank loans	1,437	1,437	1,689	1,689
Deferred income - government capital grants	9,200	9,200	8,645	8,645
Total	**10,637**	**10,637**	**10,334**	**10,334**

18. Maturity of Debt. Bank Loans & Overdrafts

YEAR ENDED JULY 31	Group 2022	College 2022	Group 2021	College 2021
Bank loans and overdrafts are repayable as follows:	£'000	£'000	£'000	£'000
In one year or less	252	252	241	241
Between one and two years	263	263	252	252
Between two and five years	861	861	825	825
In five years or more	313	313	612	612
Total	**1,689**	**1,689**	**1,930**	**1,930**

The College has one loan at a fixed rate of 4.365 per cent interest, repayable by instalments falling due between 2 August 2022 and 2 May 2028 totalling £1,689k. The loan is secured against three of the College's sites.

19. Provisions – Group

YEAR ENDED JULY 31	Defined benefit obligations £'000	Restructuring £'000	Enhanced pensions £'000	Dilapidations £'000	Total £'000
At 1 August 2021	44,582	-	859	-	45,441
Expenditure in the period	-	-	(58)	-	(58)
Additions in period	(35,832)	-	-	-	(35,832)
At 31 July 2022	8,750	-	801	-	9,551

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 25.

The enhanced pension provision relates to the cost of staff who have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the Association of Colleges. The principal assumptions for this calculation are based on the AoC Actuary's assumptions:

	2022	2021
Price inflation	2.80%	2.60%
Discount rate	3.40%	1.60%

20. Group Cash & Cash Equivalents

YEAR ENDED JULY 31	At 1 August 2021 £'000	Cash flows £'000	Other changes £'000	At 31 July 2022 £'000
Cash and cash equivalents	5,693	(3,531)	-	2,162
Bank loans – short term	(241)	241	(252)	(252)
Bank loans – long term	(1,689)	81	171	(1,437)
Finance lease obligations – short term	-	-	-	-
Finance lease obligations – long term	-	-	-	-
Total	3,763	(3,209)	(81)	473

21. Capital & Other Commitments

The College recognised Assets Under Construction (AUC) of £294k in the year from 1 August 2021 to 31 July 2022.

This is for work at the pre-planning stage of the redevelopment of Ashfield House, a former office site in the centre of Mansfield. As full planning permission has not yet been granted for the development, nor has a main contractor been appointed or contracted, as at 31 July 2022 the College does not have any capital commitments to the project to disclose.

22. Lease Obligations - Group

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

YEAR ENDED JULY 31	2022 £'000	2021 £'000
Future minimum lease payments due:		
Land and Buildings		
Not later than one year	-	30
Later than one year and not later than five years	-	-
Later than five years	-	-
	-	**30**
Other		
Not later than one year	11	87
Later than one year and not later than five years	-	22
Later than five years	-	-
	11	**109**

23. Contingencies

The College has taken a prudent approach to income recognition of Funding Body Grants but no earned income has been deferred on the Balance Sheet as no clawback is expected in 2022/23 except for unearned Allocations.

24. Events after the Reporting Periods

There are no events after the reporting period.

25. Defined Benefit Obligations

The Group's employees principally belong to two post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Nottinghamshire Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Nottinghamshire County Council. Both are multi-employer defined-benefit plans. There is also a defined contribution scheme in the Group.

Group

Total pension cost for the year		2022 £'000		2021 £'000
Teachers' Pension Scheme: contributions paid		1,534		1,436
Local Government Pension Scheme:				
Contributions paid	1,405		1,322	
FRS 102 (28) charge	1,476		1,682	
Charge to the Statement of Comprehensive Income		2,881		3,004
Enhanced pension charge to Statement of Comprehensive Income		(164)		90
Total Pension Cost for Year within staff costs		**4,251**		**4,530**

Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, Colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

The TPS is an unfunded scheme and members contribute on a 'pay as you go 'basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament. Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the plan.

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

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

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

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2021/22 academic year of £467k (2020/21: £579k). A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website. The pension costs paid to TPS in the year amounted to £1,534k (2020/21: £1,436k).

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Nottinghamshire County Council Local Authority. The total contributions made for the year ended 31 July 2022 were £1,405k, of which employer's contributions totalled £1,121k and employees' contributions totalled £284k. The agreed contribution rates for future years are an employer's rate of 17.2% plus a fixed payment of £137k for the period 1 April 2021 to 31 March 2022 and £142k in the following year. For employees, contributions range from 5.5% to 12.5%. Contributions amounting to £95k were payable to the scheme at 31 July 2022 and are included within creditors.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 30 June 2022 updated to 31 July 2022 by a qualified independent actuary.

YEAR ENDED JULY 31	At 31 July 2022	At 31 July 2021
Rate of increase in salaries	3.75%	3.80%
Future pensions increase	2.75%	2.80%
Discount rate for scheme liabilities	3.40%	1.60%
Inflation assumption (CPI)	2.75%	2.80%
Commutation of pensions to lump sums	50%	50%

CPI assumption

Pension Increase Orders are used to set the level of pension increases with effect from 1 April of each year, with reference to the change in CPI inflation over the 12 months to the previous September, which was announced in October. This was 10.1% and was considerably higher than the CPI assumption set by employers as at 31 July 2022. Although Pension Increase orders have always been set with reference to the September CPI for the last 10 years and the September RPI for the preceding 20 years, they are not automatically set and they are only known with absolute certainty when the Pension Increase Order is enacted by Parliament, which is usually in April of the following year. Similarly, the likely level of the forthcoming Pension Increase Order 2023 was not known at 31 July. Consequently, no adjustment has been made to recognise the possible 2023 Pension Increase Order within the CPI assumption.

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

YEAR ENDED JULY 31	At 31 July 2022	At 31 July 2021
Retiring today		
Males	21.6	21.6
Females	24.4	24.3
Retiring in 20 years		
Males	23.0	22.9
Females	25.8	25.7

Sensitivity analysis: impact on projected service cost:

YEAR ENDED JULY 31	At 31 July 2022 £'000	At 31 July 2021 £'000
Discount rate +0.1%	(46)	(90)
Discount rate -0.1%	47	93
Mortality assumption – 1 year increase	46	117
Mortality assumption – 1 year decrease	(45)	(112)

The College Group's share of the assets in the plan at the balance sheet date were:

YEAR ENDED JULY 31	Fair Value at 31 July 2022 £'000	Fair Value at 31 July 2021 £'000
Equity instruments	31,587	34,119
Debt instruments	4,990	5,037
Property	7,810	5,386
Cash	3,080	2,146
Other	6,422	5,867
Total market value of plan assets	**53,889**	**52,555**
Actual return on plan assets	**1,375**	**5,441**

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

YEAR ENDED JULY 31	2022 £'000	2021 £'000
Fair value of plan assets	53,889	52,555
Present value of plan liabilities	(62,639)	(97,137)
Present value of unfunded liabilities	-	-
Net defined benefit (liability)	(8,750)	(44,582)

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

YEAR ENDED JULY 31	2022 £'000	2021 £'000
Amounts included in staff costs:		
Current service cost	2,571	2,651
Past service cost	-	-
Administration cost	26	27
Total	**2,597**	**2,678**
Amounts included in investment income:		
Net interest cost	704	684
Total cost	**3,301**	**3,362**
Amount recognised in Other Comprehensive Income:		
Return on pension plan assets	534	4,785
Other actuarial gains on assets	-	-
Experience losses arising on defined benefit obligations	(242)	10,847
Changes in assumptions underlying the present value of plan liabilities	37,720	(8,486)
Amount recognised in Other Comprehensive Income	**38,012**	**7,146**

Movement in net defined benefit/(liability) during year:

YEAR ENDED JULY 31	2022 £'000	2021 £'000
Net defined benefit/(liability) in scheme at 1 August 2021	(44,582)	(49,362)
Movement in year:		
Current service cost	(2,597)	(2,678)
Employer contributions	1,121	996
Past service cost	-	-
Net interest on the defined (liability)	(704)	(684)
Actuarial gain/(loss)	38,012	7,146
Net defined benefit/(liability) at 31 July 2022	**(8,750)**	**(44,582)**

Asset and Liability Reconciliation

YEAR ENDED JULY 31	2022 £'000	2021 £'000
Changes in the present value of defined benefit obligations:		
Defined benefit obligations at start of period	97,137	95,931
Current service cost	2,571	2,651
Interest cost	1,545	1,340
Contributions by Scheme participants	284	327
Experience losses on defined benefit obligations	242	(10,847)
Changes in financial assumptions	(37,720)	9,414
Change in demographic assumptions	-	(928)
Estimated benefits paid	(1,420)	(751)
Past Service cost	-	-
Curtailments and settlements	-	-
Defined benefit obligations at end of period	**62,639**	**97,137**
Changes in fair value of plan assets:		
Fair value of plan assets at start of period	52,555	46,569
Interest on plan assets	841	656
Return on plan assets	534	4,785
Other actuarial gain/(losses)	-	-
Administration expenses	(26)	(27)
Employer contributions	1,121	996
Contributions by Scheme participants	284	327
Estimated benefits paid	(1,420)	(751)
Fair value of plan assets at end of period	**53,889**	**52,555**

Actuary's statement on the effect of the McCloud and Sargeant cases:

"There are currently uncertainties in relation to LGPS benefits due to the McCloud and Sargeant judgements. Remedial regulations are expected in 2022 and uncertainty over the benefit changes proposed for the LGPS will remain until these have been finalised.

Impact on Liabilities
The McCloud remedy may impact the value of the liabilities in respect of accrued benefits and therefore an allowance may need to be included in an employer's report.

If an allowance was already made for McCloud at a previous accounting date in an employer's IAS19/FRS102 report then no explicit adjustment will be made in our results this year.

Impact on Current Service Cost
Where the cost of McCloud has been allowed for in an employer's report, this includes an allowance in the Current service cost in respect of the benefits members accrue each accounting period. The McCloud remedy is expected to only apply to benefits accrued up to 31 March 2022, and therefore an adjustment is required to the Current service cost from 1 April 2022 so that no further allowance for the McCloud remedy is made."

26. Related Party Transactions

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

Transactions with Vision Business Support Services (VBSS) Ltd., a wholly owned subsidiary, amounted to the entirety of VBSS's turnover as it recharges its pay costs to College. This amounted to £5,297k (2020/21: £4,327k) with £nil outstanding balance at 31/07/22 (2020/21: £nil).

Purchases from BKSB India Ltd., a wholly owned subsidiary, amounted to £nil in 2021/22 (2020/21: £25,000) with £nil outstanding balance at 31/07/22 (2020/21: £nil).

The total expenses paid to or on behalf of the Governors, excluding the Principal, during the year were £767 (2020/21: £322). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

The Chair of Governors, Sean Lyons, was paid £12,436 (£1,000 per calendar month) (2020/21: £12,000) for his services in the role, for which approval has been provided by the Charity Commission as is required for any payments to Governors of Charitable Bodies.

D2N2: A board member of this organisation (pro bono) is a College governor. Sales in the year amounted to £710 (2020/21: £nil). A £673,618 grant was received in 2020/21 towards the College's new Robotics Centre. There were no outstanding balances at 31/07/22.

Mansfield and Ashfield 2020: a Director of this organisation is also a Vice Principal of WNC. Sales in the year amounted to £246 (2020/21: £nil). Purchases in the year amounted to £3,218 (2020/21: £1,200). There were no outstanding balances at 31/07/22.

Portland College: a WNC Governor also undertakes paid employment at this organisation. Sales in the year amounted to £69 (2020/21: £2,700). Purchases in the year amounted to £33,271 (2020/21: £6,100). There were no outstanding balances at 31/07/22.

Nottingham Trent University: a WNC Governor also undertakes paid employment at this organisation. Sales in the year amounted to £460,315 (2020/21: £270,036). Purchases in the year amounted to £69,696 (2020/21: £13,218). There was £250,008 due to College at 31/07/22.

Best Practice Ltd: Purchases in the year amounted to £2,688 (2020/21: £nil). There were no outstanding balances at 31/07/22.

Linney Ltd: Purchases in the year amounted to £8,663 (2020/21: £5,934). There were no outstanding balances at 31/07/22.

Emsi Ltd: a Director of this company is a College Governor. Purchases in the year amounted to £nil (2020/21: £5,000). There were no outstanding balances at 31/07/22.

Transactions with the funding bodies are detailed in Notes 2, 15 and 16.

27. Amounts Disbursed as Agent

YEAR ENDED JULY 31	2022 £'000	2021 £'000
Balance brought forward as at 1 August 2021	207	96
Funding body grants – bursary support	148	67
Funding body grants – discretionary learner support	609	891
Employer Grants	324	21
	1,288	**1,075**
Disbursed to students and employers	(816)	(828)
Administration costs	(34)	(40)
Balance unspent as at 31 July 2022 (included in creditors)	**438**	**207**

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

28. Discontinued Operations

As part of the Group's 3-year recovery plan, the Group sold its investment in BKSB Ltd in April 2021. During the year BKSB contributed £nil of profit (2021: £1,161k) which was provided to the Group. The College remained liable for BKSB's LGPS pension contributions until an agreed settlement payment of £246k was made in November 2021. The College now has no further pension liability relating to BKSB Ltd.

29. Events after the reporting period

On 29 November 2022, the Office for National Statistics reclassified all college corporations as public sector institutions with immediate effect and this prompted the Department for Education to introduce some new rules for colleges which will take effect during 2022/23.

The College considers this announcement to be a non-adjusting post balance sheet event and is evaluating the implications of the announcement and the potential new rules but do not consider that they will have an impact on these financial statements.