# WEST NOTTINGHAMSHIRE COLLEGE

**Report and Consolidated Financial Statements**

**for the year ended 31 July 2015**

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## Operating and Financial Review

**NATURE, OBJECTIVES AND STRATEGIES:**

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

**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 for the purposes of Part 3 of the Charities Act 2011.

**Mission**

College Governors have set the College's mission statement as follows:

"A Dynamic College for Aspiring Communities"

The College's mission remains in place as:

"Learners at the Heart of Excellence"

Following the inspection by Ofsted in May of 2012, in which the College was graded Good for overall effectiveness, Governors agreed a revision to the single strategic objective to be:

"Attaining excellence, reaching new heights"

The College strategic objective continues to be supported by six themes for learners, people, partnerships, reputation, resources and finances. The strategic objective encompasses the College's desire to build momentum in its core teaching and learning activities to once again obtain an outstanding status at its next inspection. Implicit within the Business Plan and College's direction for the future is a desire to remain a premium brand within the FE sector.

**Public Benefit**

West Nottinghamshire College is an exempt charity under the Part 3 of the Charities Act 2011 and from 1st September 2013, is regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all FE Corporations in England.

The members of the Governing Body, who are trustees of the charity, are disclosed on page 17. In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce.

**Implementation of the Business Plan**

The Governing Body reviews its three year business plan on an annual basis setting out the plans and outcomes for the College over the period from 2014/15 to 2016/17. The plan was updated to reflect changes in the Colleges operating environment including a focus upon work related learning and the completion of the programme to deliver world class facilities to the learners and communities of Mansfield and Ashfield. The Corporation monitors the performance of the College against these plans.

The Business Plan includes a set of key performance indicators against which the Corporation monitors progress. The key aims and targets for each strand of the Business Plan delivery in 2014/15 were:

**Schools of Learning**

- Review of programmes of study for 16-18 learners to deliver an efficient and effective offer utilizing appropriate resources across the College
- Promotion and engagement with young people through access to new and improved specialist facilities providing access to industry standard high quality study environments
- Further embedding of wider learning including employability skills, work experience, enterprise and volunteering to broaden the impact of the learner experience and enhance outcomes
- Embedding of the revised Teaching, Learning and Assessment Observation Policy and Procedure to improve quality of delivery and reassurance in teaching and learning
- Meet planned learner numbers, outcomes and success rates for the year

**Workplace Learning**

- Embed the Work Related Learning team and improve the responsiveness between employer engagement, learner recruitment and delivery to drive up case loads
- Improve the quality indicators of the workplace programmes through lesson observation and success rate data
- Assimilate the provision brought into the College programme through the Vision Workforce Skills activity to provide and enhanced and expanded Workplace Learning division
- Focus on developing key partner provider relationships in order to drive up quality and support efficient management of our partner programmes
- Develop Traineeships as part of the integrated offer through pre-employment, Traineeship and Apprenticeship programmes to support Government priorities and employment needs
- Continue to utilise the excellent work of Vision Apprentices in order to expand the 16-18 apprenticeship programme with a high quality and relevant offer to employers
- Delivery of complimentary provision through additional funding routes such as ESF Skills Support for the Workplace
- Prepare a detailed plan in response to the proposed changes to apprenticeship funding to ensure that the College is at the forefront of supporting employers to engage with the programme

**Higher Education**

- Promote the college's Higher Education offer through a more visible and distinct identity
- Develop relationships with validating University partners in order to move towards a University Centre for Mansfield
- Increase volumes of students up to the student number control, in particular through the development of top-up provision
- Development of higher apprenticeships in partnership with the Work Related Learning Team

**Learner Engagement, Marketing & Communications**

- The attraction of greater market share and promotion of exceptional vocational facilities for learning
- Development of the conversion process from enquiry through to application and enrolment to improve the student experience prior to starting at College
- Promotion of the value for money aspects of local study particularly within the Higher Education student market and for the those students aged 24+ embarking on a level three or above qualification
- Continuing opportunities to utilise student advocates to promote the College experience
- The promotion of destinations and the greater opportunities for employability

- The utilisation of the college's employer network to reach parents as an alternative to school
- Developing good relationships with primary level schools to build lasting relationships for future recruitment

The College's specific objectives for 2014/15 and achievement of those objectives is detailed below:

- The College achieved 2,998 16-18 student numbers funded by the EFA against a target of 3,040 Students
- The College achieved 4,878 adult Learner Numbers against a target of 5,653 funded by the SFA and generated total funding of £6.29million.
- The College delivered NVQ programmes in the workplace to 1,561 learners (new starts) delivering a funding value of £1.32million
- Activity on the Apprenticeship programme delivered income of £4.64million for 16-18 learners and £11.55million for adult learners giving a total value of £16.19million compared to £15.88million in 2013/14
- The College delivered Traineeships to 428 learners with income of £897k.
- Total adult skills budget income was £20.19million against a funding target of £24.34million
- HE learner volumes for the year were 521 learners and 384 FTE against a target of 536 learners

**Financial objectives**

The College Governors maintained the same financial objectives for 2014/15 with an emphasis on completing the planned investment in the College estate. The financial objectives are:

- To attain at least a satisfactory rating at any point during the planning period through the calculation of financial health under the SFA financial health grading
- To maintain access to at least 15 cash days at the end of each reporting period to support the working capital requirements of the core business
- To deliver a positive cash inflow from operating activities of at least 1% of income for each year of the planning period
- To operate within banking covenants applied as part of long term loan conditions
- Improve financial management by the publication of management accounts on the 15th working day following the end of the reporting period
- Improve the ownership of budgets by implementing a formal process of budget holder review through recording and delivering agreed actions at formal bi-monthly meetings

The financial objectives are monitored through the college management accounts which are presented to the Board at each of its meetings. During 2014/15, all of the financial objectives have been met with the following outcomes for the year ended 31 July 2015:

- An SFA Financial Health rating of 'Satisfactory' with capital uplift
- Holding cash days of 74
- Delivering a cash inflow from operating activities of £270k for the year
- Operated within all banking covenants during the year.
- Issuing management accounts within 15 days of the period to which they relate
- Reviewing financial performance with budget holders every 2 months during the year

## FINANCIAL POSITION

### Financial results

The College group generated an operating surplus in the year of £1,000,000 (2013/14 – deficit of £6,235,000) after FRS17 charges and before any release from revaluation reserves. Excluding FRS17 and including movements on revaluation reserves the group attained an operating surplus of £2,037,000 (2013/14: deficit of £4,961,000) demonstrating a strong financial result and significant improvement in performance over the past financial year.

Prior to the start of the financial year, the year the College implemented a restructure of work related training bringing together subsidiary and college based provision and delivered a significant turnaround in the financial performance for the year following losses incurred in 2013/14.

The withdrawal of provision from Vision Workforce Skills Limited and the on-going exit from leasehold properties generated a trading profit of £400,000 (2014: loss of £5,091,000). The business has two remaining leases at the balance sheet dates which will exit during 2015/16.

The total turnover for the year for the Group amounted to £58,509,000 (2013/14: £57,928,000) relating to the continuing operations of the group in the normal course of business.

The College Group has accumulated reserves of £8,770,000 (2013/14: £6,744,000) excluding pension deficit and cash balances of £11,259,000 (2013/14: £12,404,000).

Tangible fixed assets have decreased in the year due to the depreciation of the recent major investment in College buildings. In year, the Group added £2,430,000 (2013/14: £8,410,000) as the programme reached the end of its main phase.

Total tangible fixed assets as at 31 July 2015 were £43,781,000 (2013/14 - £44,924,000).

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants and contracts. In 2014/15 the funding bodies provided 71% (2013/14: 78%) of the College Group's total income.

The College has five subsidiary companies, bksb Limited, Safety Plus (Training & Consultancy) Limited, Safety Plus Construction Limited, Vision Workforce Skills Limited and Vision Apprentices Limited. Safety Plus (Training & Consultancy) Limited and Safety Plus Construction Limited did not trade in the year and the trading activities of Vision Workforce Skills Limited have been merged into the College.

The principal activity of bksb Limited is the commercial development of bksb, a basic and key skills assessment software product serving the educational market. Vision Apprentices provides apprentice trainees to local employers.

Surpluses generated by the subsidiaries are transferred to the College under deed of covenant to the extent that this does not result in a distribution of reserves. In the current year, the surpluses generated were £1,203,525 (2013/14: £1,151,942) for bksb Limited, a profit of £400,373 (2013/14: loss of £5,091,490) for Vision Workforce Skills Limited and a loss of £2,624 (2013/14: loss of £29,445) for Vision Apprentices Limited.

### 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 specific treasury management policy in place which is reviewed annually.

The climate experienced throughout the financial year has seen a sustained period of low interest rates particularly for short term deposits and as a result the management of cash reserves has not provided any significant level of income during the year.

The College has long term borrowing commitments in place as at the Balance Sheet date to support the modernisation of its buildings and facilities. The value of the loan as at the balance sheet date was £16.261million (2013/14: £17.000million) and the College has secured its interest rate exposure in the medium term through the use of financial instruments. The full amount of planned borrowing for infrastructure purposes has now been fully drawn down.

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

**Cash flows**

At £270,000 (2013/14 £472,000 out flow), operating cash flow has improved compared to previous years. The net cash inflow resulted from the strong trading performance offset by a decrease in provisions as dilapidations payments were made and an increase in debtors. A provision of £3,922,000 (2014: £2,246,000) is included within the College balance sheet for amounts paid by the Skills Funding Agency for the Adult Skills Budget programme which had not been earned.

## CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

### Student numbers

In 2014/15 the College has delivered activity that has produced £41,548,000 (2013/14: £45,297,000) in funding body main allocation funding. The decrease in income follows a reduction in Skills Funding Agency budgets for Adult Learning. The College had approximately 30,000 funded students.

### Student achievements

Students continue to do well at West Nottinghamshire College. In 2013/14 16-18 learners' retention was 91% (2012/13: 91%) and achievement of 89% (2012/13: 95%). Adult learners delivered retention of 94% (2012/13: 95%) and achievement of 96% (2012/16: 96%). Work based learners enjoyed overall success of 71% (2012/13: 80%) for 16-18 learners and 73% (2012/13: 80%) for adult learners respectively. Adult learners on NVQ programmes delivered in the workplace achieved a 97% (2012/13: 96%) success rate. Whilst it is too early to confirm the success rates for 2014/15, there is a high degree of confidence that student achievements will continue to improve.

### Curriculum developments

The college has a national reputation for improving the skills of the local community, through the provision full and part time courses, community provision, a range of apprenticeships and university level courses. Many students have low levels of prior educational achievement, low aspirations and come from an area where the culture of education is not embedded or supported. The area continues to have low progression rates to higher education.

The college plans the curriculum to meet the differing needs of learners, including a specialist centre for NEET young people. This continues to have high success rates and associated high progression rates to further study or employment.

The college is the sponsor for Vision Studio School which opened in September 2014 and recruited well for the first year of operation. The curriculum follows two key vocational routes linked to local employment opportunities. This ensures a broader choice of educational routes for young people at 14 and 16 and links education more closely with employment.

Specialist courses to support the unemployed into work have also been developed; these include flexible provision to meet the needs of the Job Centre Plus sector based academies, which have delivered successful outcomes.

Provision for employer engagement is flexible and responsive, meeting the needs of Sector Skills Councils, employers and learners locally, regionally and nationally. Vision Apprentices, the college's ATA subsidiary company continues to engage 16-18 year old and adult apprentices with SMEs and large employers across the region. Successful partnerships with key employers continue to be developed.

Courses are planned to support progression through levels of education, including into higher education, apprenticeships or into employment. Excellent partnership working with two universities ensures the HE portfolio is expanded and offers a range of progression routes for learners whilst meeting the needs of local employers.

**Payment performance**

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2014 to 31 July 2015, the College paid 96.4% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

**Post-balance sheet events**

There were no post balance sheet events.

**Future developments**

The College business planning process sets out the direction that the College Group will pursue in order to achieve its strategic objective.

During the coming period, the College will complete its accommodation programme with the creation of a new Higher Skills Centre due for opening in September 2016. Investment in this facility will include co-funding by the Local Enterprise Partnership (LEP) and accommodate over 600 additional students with a total investment of £6.5million. This will further add to the £31million invested in student facilities over the past 3 years.

The College continues to see its employer skills focused programme as having a high priority and in particular its apprenticeship offering through local and partnership delivery. Proposed changes to the structure and funding of apprenticeships will be monitored and an impact assessment concluded as part of on-going business during 2015/16.

The College will seek to actively engage in the proposed forthcoming area reviews in order to ensure that the role of the College in meeting the skills needs of young people and adults locally, regionally and national is properly recognised and valued in the context of challenging funding settlements for the sector in the future.

Our commitment to Vision Studio School (a Studio School sponsored by West Nottinghamshire College) remains after a successful first year of operation in 2014/15 when 125 young people took up the opportunity to join the school. The school provides vocational learning and specialises in Engineering and Health and Care Occupations with the objective to develop students for the world of work with an emphasis on work placement and work experience.

Throughout the planning period, the College will remain focused upon generating greater efficiency and driving up the quality of teaching and learning and improving the student experience in order to position the College strongly for the challenges of the future.

**RESOURCES:**

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

Tangible resources include the operational buildings that the College currently operates from, serving the needs of a wide range of learners and employers across the Mansfield and Ashfield areas. This includes high quality facilities such as the Station Park Construction and Logistics Academy at Kirkby in Ashfield, the New Engineering Innovation Centre in Ashfield and the main Derby Road campus where significant refurbishment and modernisation has been completed. Our facilities will be supplemented by the Higher Skills Centre from September 2016.

***Financial***

The College Group has £10.412 million (2013/14: £10.373 million) of net assets (including £15.145 million [2013/14: £13.519 million] pension liability) with long term indebtedness supporting the recent building investment programme of £16.3 million (2013/14: £17.0 million).

***People***

The College group employs 842 (2013/14: 961) people (expressed as full time equivalents), across the College and its subsidiaries of whom 362 (2013/14: 424) are teaching staff.

***Reputation***

The College has a good reputation locally, regionally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and developing external relationships.

**PRINCIPAL RISKS AND UNCERTAINTIES:**

The College has a well-developed and robust approach to the management of risk extending across all levels within the College. The Governing Body considers 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 main Board.

In July 2015, the Board considered the College Risk management Strategy and approved the key strategic risks presented by the executive. The Board reviews the strategy on an annual basis in order that the approach to identifying and managing risk is appropriate to the colleges operating climate.

The underlying principles of the College's approach to risk management are:

- The Corporation Board has responsibility for overseeing risk management within the College as a whole;
- An open and receptive approach to solving risk problems is adopted by the Corporation Board;
- 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 on a regular basis.

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

- Assessing the Colleges risk appetite;
- Identifying the key strategic risks that would prevent 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;
- Regular reviews through the Executive and the Audit Committee.

In order to assess the adequacy and effectiveness of our approach to risk management the college has identified a number of 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 achievement of objectives;
- Risks associated with working with other organisations are assessed and managed;
- 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 has 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.

### 1. *Work Related Training & Employer Engagement*

As a significant element of the Colleges overall business delivery the work related training programme represents a high level of risk to the strategic objectives of the college, incorporating both self-delivered and partnership delivered provision. Managing volumes, efficiency and quality are an important combination to achieve successful outcomes.

The key risks identified are:

- Reputational risk in not adequately supporting employers needs
- Sustaining and improving on high levels of outcomes and success
- Failure to recruit to the programmes for which training is available
- Employer relationships impacted through poor quality experiences

These risks are mitigated in a number of ways:

- Strong marketing position and links with employers
- Strong partnership for delivery of programmes
- A comprehensive business plan
- Regular monitoring and performance management of the programme
- Quality improvement and quality assurance processes

### 2. *Financial Stability*

The College group financial performance has been impacted by the weak result in 2013/14 but has now seen a significant recovery following the financial performance in 2014/15. IN an ever more challenging public spending climate it remains important that the College Group delivers its financial targets in 2015/16 in order to remain in a strong position to embrace future challenges.

The key risks identified are:

- Challenges to deliver a balanced budget for the group over the longer term
- Maintaining the confidence of College funders and stakeholders
- Supporting the community sufficiently and meeting need within financial constraints
- Maintaining the student experience during reducing levels of income
- Recruiting and retaining skilled and motivated staff

These risks are mitigated in a number of ways:

- Annual budgeting, forecasting, financial mapping and reporting
- Regular production and analysis of management and budget holder reports
- Monitoring and review of resource utilisation
- Communication and monitoring of HR strategies

- Regular Curriculum Review
- Provision of comprehensive information to funders and stakeholders
- Strong financial controls reviewed by Internal audit

### *3. Quality of Teaching & Learning and the Student Experience*

The quality of teaching and learning remains paramount in ensuring future success and meeting strategic and operational objectives across the short, medium and long term. Outstanding student success rates lead to enhanced reputation and an improved outcome for learners, influenced by the experience available to students whilst at College. To achieve our strategic objective, the College must continue a relentless focus on the quality of teaching and learning and the student experience.

The key risks identified are:

- Damage to the College reputation if standards are not maintained at high levels
- A failure to raise the aspirations of the local community
- Failure to attract sufficient students and employers to the College
- Damage to the relationship with funders

These risks are mitigated in a number of ways:

- Quality improvement and Assurance Strategy
- Teaching, Learning, Training and Assessment Strategy
- EV/EE Reports
- Lesson Observation Programme
- Learner Voice

### *4. Human Resources*

The College's success lies with the recruitment, retention and motivation of a highly skilled and effective workforce. The College seeks to recruit the best staff and become an employer of choice amongst the local community. The challenges during a period of immense change within the sector place a particular risk in meeting this objective.

The key risks identified are:

- Maintaining and improving staff morale during organisational change
- A failure to maintain and live organisational values
- Maintenance of "Investors in People" and "Best Companies" status
- Inability to recruit and maintain suitable staff

These risks are mitigated in a number of ways:

- HR and communications strategies
- Employee Council and Trade Unions consultative forums (JCNP)
- Workforce planning, recruitment and selection policies
- Strong and focused staff development

**STAKEHOLDER RELATIONSHIPS**

In line with other colleges and with universities, West Nottinghamshire College has many stakeholders. These include:

- Students and staff;
- Local, Regional and National employers;
- Funding agencies;
- Local Authorities;
- The FE Commissioner;
- The local community;
- The Local Enterprise Partnership;
- Members of Parliament;
- Other FE institutions, Universities and Schools;
- Trade unions;
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them throughout the year which is supported by the College's marketing and communications strategy and the Employer Council. The College holds an annual stakeholder engagement event which is well attended.

**Equal opportunities and employment of disabled persons**

West Nottinghamshire College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis.

West Nottinghamshire College is committed to promoting a culture that respects the diversity and difference across our society and community. The College recognises the importance of developing an environment which treats individuals with dignity and respect, and works to foster good relations and develop a sense of community cohesion.

The College has published an Equality and Diversity Scheme which has been written in line with the Equality Act 2010, and is published on the College's internet site. Under this Act the College has a single public sector duty for people who share the following protected characteristics: age; disability; gender reassignment; marriage/civil partnerships; pregnancy and maternity; race; religion and belief; sex and sexual orientation.

The public sector duty is:

1. To eliminate conduct prohibited by the Act.
2. To advance equality of opportunity between people who share protected characteristics and those that do not.
3. To foster good relations between people who share protected characteristics and those that do not.

The College values all learners equally, acknowledging differences and supporting learners developing in their own time and in their own way. The College fully supports inclusive learning and tries to match its provision with the individual needs of learners. The additional learning support team at the College has qualified, experienced staff in the field of disability. Some staff in the service have teaching qualifications and many have qualifications in their specialist field with an on-going programme of staff development around various disability issues.

**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 a number of 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, and achievements and destinations are recorded and published in the standard College format; and

e. A range of counselling and welfare services to support students.

**Disclosure of information to auditors**

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Approved by order of the members of the Corporation on 17 December 2015 and signed on its behalf by:

**Nevil Croston**

**Chair**

## PROFESSIONAL ADVISORS

**Financial statement and regularity auditors:**

KPMG LLP
Chartered Accountants
One Snowhill
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B4 6GH

**Internal auditors:**

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**Bankers:**

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**Solicitors:**

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1 Royal Standard Place
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NG1 6FZ

## Statement of Corporate Governance and Internal Control

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

The College endeavours to conduct its business:

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

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College/Board has adopted and complied with the Foundation Code.

In the opinion of the governors, the College complies with all the provisions of the Foundation Code, and it has complied throughout the year ended 31 July 2014. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The English Colleges' Foundation Code of Governance issued by the Association of College, which it formally adopted on 24 November 2011, and the Audit and Accountability Annex to the Foundation Code adopted by the College on 11 July 2013.

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**

The members who served on the Corporation during the year and up to the date of signature of this report were as listed in Table 2.

**Table 2: Governors serving on the College Board during 2014/15.**

| Name of Governor | Date of Appointment/ Re-appointment | Term of office | Date of resignation | Status of appointment | Committees served | Committee % Attendance | Board % Attendance |
|---|---|---|---|---|---|---|---|
| Nevil Croston * | 31.03.2012 | 4 years Current term ends 31.3.2016 | | Business Member | R;S. Chair of Governors from Jan 2014 | 75% | 100% |
| Dame Asha Khemka DBE | 01.05.2006 | n/a | | Principal and Chief Executive | S; FE; ST | 74.9% | 100% |
| David Overton * | 31.01.2011 | 4 years Current term ends 31.1 2019 | | Business member | A (Chair from Jan 2014); FE (for estates matters only) | 100% (60% F&E) | 77.7% |
| Chris Winterton * | 28.02.2013* | 4 years Current term ends 28.2.2017 | | Business member | A | 100% | 55.5% |
| Kate Allsop* | 01.08.2009 | 4 years Current term ends on 31.7.2016 | | Local Authority member | R; FE; ST (Chair) Vice Chair of Governors from Jan 2014 | 27.2% | 44.4% |
| Diana Meale (previously Gilhespy) | 11.10.2012 | 4 years Current term ends on 16.10.2016 | | Business Member | A; S; ST; R | 84.6% | 66.6% |
| Terry Dean* | 15.10.2009 | 4 years Current term ends on 15.10.2017 | | Business Member | FE | 60% | 55.5% |
| Tim Clarke* | 11.03.2010 | 4 years Current term ends on 11.3.2018 | | Business Member | S; R Subsidiary Co's Director | 75% | 55.5% |
| John Holford* | 28.01.2010 | 4 years Current term ends 28.1.2018 | | Business Member | ST | 80% | 66.6% |
| Chris Bodger | 09.03.2012 | 4 years Current term ends on 8.3.2016 | | Business Member | A | 75% | 44.4% |
| John Robinson * | 15.07.2011 | 4 years Current term ends on 15.7.2019 | | Business Member | - | N/A | 44.4% |
| Malcolm Hall | 27.04.2012 | 4 years Current term ends on 26.4.2016 | | Business Member | FE | 60% | 44.4% |
| Colin Sawers | 11.10.2012 | 4 years Current term ends on 11.10.2016 | | Staff Member | FE | 80% | 88.8% |
| Hari Punchihewa | 16.01.2013 | 4 years Current term ends on 16.1.2017 | | Business Member | FE (Chair) | 100% | 44.4% |
| Ian Baggaley | 23.05.2013 | 4 years Current term ends on 23.5.2017 | | Business Member | Subsidiary Co's Director | N/A | 77.7% |
| Beverley Nita | 10.10.2013 | 4 years Current term ends on 10.10.2017 | 31.7.2015 | Staff Member | ST | 100% | 75% |
| Matthew Robinson | 16.10.2014 | 1 academic year | 31.07.2015 | Student Governor | - | N/A | 28.5% |
| Theresa Upton | 16.10.2015 | 1 academic year | 21.07.2015 | Student Governor | - | N/A | 57.1% |
| Rob Martlew | 23.05.2013 | 4 years Current term ends on 23.05.2017 | 31.7.2015 | Standards Committee co-opted | S | 25% | N/A |
| Neil Robinson | 26.02.2015 | 4 years Current term ends on 26.02.19 | | Audit Committee Co-opted | A | 50% | N/A |
| Maxine Bagshaw acts as Clerk to the Corporation. * denotes re-appointment<br>R = Remuneration; S = Search; FE = Finance and Estates; A = Audit; ST = Standards | | | | | | | |

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

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

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, search and audit. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the clerk to the Corporation at:

West Nottinghamshire College
Derby Road
Mansfield
Notts
NG18 5BH

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

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

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

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

There is a clear division of responsibility in that the roles of the Chairman and Principal are separate.

**Appointments to the Corporation**

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a search committee, consisting of three members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. 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.

**Remuneration committee**

Throughout the year ending 31 July 201, the College's remuneration committee comprised three members of the Corporation. The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other senior post-holders.

Details of remuneration for the year ended 31 July 201 are set out in note 7 to the financial statements.

**Audit committee**

The Audit Committee comprises four members of the Corporation (excluding the Principal and Chair). The Committee operates in accordance with written terms of reference approved by the Corporation.

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

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

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

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

**Internal control**

*Scope of responsibility*

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

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

*The purpose of the system of internal control*

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an 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. The system of internal control has been in place in West Nottinghamshire College for the year ended 31 July 2015 and up to the date of approval of the annual report and accounts.

*Capacity to handle risk*

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

*The 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. In particular, 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 EFA and SFA's *Joint 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. At 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.

*Review of effectiveness*

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

- the work of the internal auditors
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements auditors, the regularity auditors (for colleges in plan-led funding), the appointed funding auditors (for colleges outside plan-led funding) in their management letters and other reports.

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

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit, 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 senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its November 2015 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2015 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2015.

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

**Going concern**

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

Approved by order of the members of the Corporation on 17 December 2015 and signed on its behalf by:

Asha Khemka

**Nevil Croston**

**Chair**

**Dame Asha Khemka OBE**

**Principal & Chief Executive**

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

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

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

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

## Statement of Responsibilities of the Members of the Corporation

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

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

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

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

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

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

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

Members of the Corporation are responsible for ensuring that 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 Skills Funding Agency/Education Funding Agency are used only in accordance with the Financial Memorandum with the Skills Funding Agency/Education Funding Agency and any other conditions that may be prescribed from time to time.

Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the Skills Funding Agency/Education Funding Agency are not put at risk.

Approved by order of the members of the Corporation on 17 December 2015 and signed on its behalf by:

**Nevil Croston**

**Chair**

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

We have audited the Group and College financial statements ("the financial statements") of West Nottinghamshire College for the year ended 31 July 2015 set out on pages 29 to 60. The financial reporting framework that has been applied in their preparation is applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

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

**Respective Responsibilities of the Corporation of West Nottinghamshire College and Auditor**

As explained more fully in the Statement of the Corporation's responsibilities set out on pages 23 and 24, the Corporation is responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Corporation; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Operating and Financial Review to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

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

## Independent Auditor's Report to the Corporation of West Nottinghamshire College (continued)

**Opinion on other matters prescribed by the revised Joint Audit Code of Practice (Part 1) issued jointly by the Skills Funding Agency and the Education Funding Agency and the Audit Code of Practice jointly issued by the Skills Funding Agency and the Education Funding Agency**

In our opinion:

- proper accounting records have been kept, and
- the financial statements are in agreement with the accounting records.

**A Argyle**
**For and on behalf of KPMG LLP Senior Statutory Auditor**
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Date: 21/12/15

# Independent Auditor's Report on Regularity to the Corporation of West Nottinghamshire College ('the Corporation') and the Chief Executive of the Skills Funding Agency/Education Funding Agency

In accordance with the terms of our engagement letter and further to the requirements of the Chief Executive of the Skills Funding Agency/Education Funding Agency, we have carried out a review to obtain assurance about whether, in all material respects, the expenditure and income of West Nottinghamshire College ('the College') for the year ended 31 July 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Corporation and the Chief Executive of the Skills Funding Agency, Our review work has been undertaken so that we might state to the Corporation and the Chief Executive of the Skills Funding Agency/Education Funding Agency, those matters we are required to state to it 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 and the Chief Executive of the Skills Funding Agency/Education Funding Agency, for our review work, for this report, or for the opinion we have formed.

**Respective responsibilities of the Members of the Corporation of West Nottinghamshire College and Auditors**

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

Our responsibilities for this review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the Audit Code of Practice and the Regularity Audit Framework issued by the Learning and Skills Council. We report to you whether, in our opinion, in all material respects, the College's expenditure and income for the year ended 31 July 2015 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

**Basis of opinion**

We conducted our review in accordance with the Audit Code of Practice and the Regularity Audit Framework issued by the Learning and Skills Council in 2004. Our review includes examination, on a test basis, of evidence relevant to the regularity and propriety of the College's income and expenditure.

# Independent Auditors' Report on Regularity to the Corporation of West Nottinghamshire College ('the Corporation') and the Chief Executive of Skills Funding Agency/Education Funding Agency (continued)

**Opinion**

In our opinion, in all material respects the expenditure and income for the year ended 31 July 2015 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

A Argyle

**A Argyle**
**For and on behalf of KPMG LLP Senior Statutory Auditor**
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Date: 2 | 12 | 13

## Consolidated Income and Expenditure Account

| | Notes | 2015 £'000 | 2015 £'000 | 2014 £'000 | 2014 £'000 |
|---|---|---|---|---|---|
| **INCOME** | | | | | |
| Funding body grants | 2 | | 41,548 | | 45,297 |
| Tuition fees and education contracts | 3 | | 7,144 | | 6,889 |
| Research grants and contracts | 4 | | 7,591 | | 3,466 |
| Other income | | | 2,175 | | 2,185 |
| Endowment and investment income | 5 | | 51 | | 91 |
| **Total income** | | | **58,509** | | **57,928** |
| **EXPENDITURE** | | | | | |
| Staff costs | 6 | 26,548 | | 32,071 | |
| Other operating expenses | 8 | 28,154 | | 29,438 | |
| Depreciation | 11 | 1,956 | | 1,747 | |
| Interest and other finance costs | 9 | 851 | | 907 | |
| **Total expenditure** | | | **57,509** | | **64,163** |
| Surplus/(deficit) on continuing operations after depreciation of tangible fixed assets at valuation and before exceptional items | | | 1,000 | | (6,235) |
| Loss on disposal of Fixed Assets | | | (792) | | - |
| **Surplus/(deficit) on continuing operations after depreciation of tangible fixed assets and exceptional items before and after tax** | 10 | | **208** | | **(6,235)** |

## Consolidated Statement of Historical Cost Surpluses and Deficits

| | Notes | 2015 £'000 | 2014 £'000 |
|---|---|---|---|
| Surplus/(Deficit) on continuing operations before taxation | 10 | 208 | (6,235) |
| Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount | 19 | 178 | 205 |
| Release of revaluation reserve on properties disposed in the year | 19 | 833 | - |
| **Historical cost (deficit) for the year after taxation** | | **1,219** | **(6,030)** |
| **Reconciliation of retained surplus on continuing operations excluding FRS17 and other adjustments:** | | | |
| (Deficit)/Surplus for the year retained within general reserves | | 1,219 | (6,030) |
| Removal of FRS17 pension adjustments | 26 | 807 | 1,069 |
| **Historical cost surplus for the year excluding FRS17 and other adjustments** | | **2,026** | **(4,961)** |

The notes on page 33 to 60 form part of the financial statements.[A1]

## Consolidated Statement of Total Recognised Gains and Losses

| | Notes | 2015 | 2014 |
|---|---|---|---|
| (Deficit)/surplus on continuing operations after depreciation of assets at valuation and disposals of assets and tax | 10 | 208 | (6,235) |
| Actuarial (loss) in respect of enhanced pension provision | 20 | - | (7) |
| Actuarial gain/(loss) in respect of pension | 20 | (819) | (2,468) |
| Net Liability transferred to bksb | 26 | - | (207) |
| **Total recognised gains and losses relating to the year** | | **(611)** | **(8,917)** |

**Reconciliation**

| | | |
|---|---|---|
| Opening reserves and endowments | (221) | 8,696 |
| Total recognised losses for the year | (611) | (8,917) |
| **Closing reserves and endowments** | **(832)** | **(221)** |

# Balance sheets as at 31 July

| | Notes | Group | College | Group | College |
|---|---|---|---|---|---|
| | | **2015** | **2015** | **2014** | **2014** |
| **Fixed assets** | | £'000 | £'000 | £'000 | £'000 |
| Tangible assets | 11 | 43,781 | 43,698 | 44,924 | 44,760 |
| **Total fixed assets** | | **43,781** | **43,698** | **44,924** | **44,760** |
| **Current assets** | | | | | |
| Stocks | | 22 | 22 | 41 | 41 |
| Debtors | 13 | 4,903 | 8,432 | 2,695 | 4,353 |
| Investments | 12 | - | 89 | - | 64 |
| Cash at bank and in hand | | 11,259 | 8,831 | 12,404 | 9,823 |
| Total current assets | | 16,184 | 17,374 | 15,140 | 14,281 |
| **Less: Creditors – amounts falling due within one year** | 14 | (17,472) | (14,761) | (17,417) | (13,146) |
| **Net current assets/(liabilities)** | | **(1,288)** | **2,613** | **(2,277)** | **1,135** |
| **Total assets less current liabilities** | | **42,493** | **46,311** | **42,647** | **45,895** |
| Less: Creditors – amounts falling due after more than one year | 15 | 15,522 | 15,522 | 16,261 | 16,261 |
| Less: Provisions for liabilities | 17 | 1,414 | 903 | 2,494 | 906 |
| **Net assets excluding pension (liability** | | **25,557** | **29,886** | **23,892** | **28,728** |
| Net pension (liability) | 26 | (15,145) | (14,723) | (13,519) | (13,207) |
| **NET ASSETS INCLUDING PENSION (LIABILITY)** | | **10,412** | **15,163** | **10,373** | **15,521** |
| **Deferred capital grants** | 18 | 11,244 | 11,244 | 10,594 | 10,594 |
| **Reserves** | | | | | |
| Income and expenditure account excluding pension reserve | 20 | 8,770 | 13,099 | 6,744 | 11,580 |
| Pension reserve | 26 | (15,145) | (14,723) | (13,519) | (13,207) |
| Income and expenditure account including pension reserve | 20 | (6,375) | (1,624) | (6,775) | (1,627) |
| Revaluation reserve | 19 | 5,543 | 5,543 | 6,554 | 6,554 |
| **Total reserves** | | **(832)** | **3,919** | **(221)** | **4,927** |
| **TOTAL FUNDS** | | **10,412** | **15,163** | **10,373** | **15,521** |

The financial statements on pages 33 to 60 were approved by the Corporation on 17 December 2015 and were signed on its behalf on that date by:

Asha Khemka

**Nevil Croston**

**Chair**

**Dame Asha Khemka OBE**

**Principal & Chief Executive**

## Consolidated Cash Flow Statement

| | Notes | 2015 | 2014 |
|---|---|---|---|
| | | £'000 | £'000 |
| **Cash inflow from operating activities** | 21 | 269 | (472) |
| Returns on investments and servicing of finance | 22 | 51 | 91 |
| Capital expenditure and financial investment | 23 | (728) | (6,196) |
| Financing | 24 | (739) | 8,476 |
| **Increase / (decrease) in cash in the year** | 25 | **(1,147)** | **1,899** |

| | Notes | 2015 | 2014 |
|---|---|---|---|
| **Reconciliation of net cash flow to movement in net funds/(debt)** | | | |
| Increase/(decrease) in cash in the period | | (1,147) | 1,899 |
| Change in net debt from financing | 24 | 739 | (8,476) |
| Movement in net funds in the period | | (408) | (6,577) |
| Net funds at 1 August | | (4,593) | 1,984 |
| **Net funds at 31 July** | | **(5,001)** | **(4,593)** |

## Notes to the Accounts

### 1. Accounting policies

### Statement of accounting policies

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

**Basis of preparation**

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2007* (the SORP) and in accordance with applicable Accounting Standards. They conform to guidance published jointly by the Skills Funding Agency and the Education Funding Agency in the 2012/13 Accounts Direction Handbook.

**Basis of accounting**

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

**Going concern**

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

The College currently has £16.26million of outstanding loans with bankers on terms negotiated in 2012. The loan facilities are subject to a negative pledge and are for a further 22 years. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

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

**Basis of consolidation**

The consolidated financial statements include the College and its subsidiaries, bksb Limited, Safety Plus (Training & Consultancy) Limited, Safety Plus Construction Limited, Vision Workforce Skills Limited and Vision Apprentices Limited. The results of subsidiaries acquired during the period are included in the consolidated income and expenditure account from the date of acquisition.

The acquisition method of accounting is used to account for the acquisition of subsidiaries or businesses by the Group. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the fair value of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill.

Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired, having tested values for impairment and checked for missing or understated liabilities is recognised as negative goodwill.

Intra-group sales and profits are eliminated fully on consolidation. All financial statements are made up to 31 July 2015.

**Recognition of income**

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

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the adult learner responsive funding element is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of October following the year end. Adult Skill Budget income is recognised based on a year-end reconciliation of income claimed and actual delivery. 16-18 Classroom based activity funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

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

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

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

**Post-retirement benefits**

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

Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 26, the TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

**Enhanced Pensions**

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

**Tangible fixed assets**

*Land and buildings*

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 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 capital grant account, and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

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

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

On adoption of FRS 15, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

*Assets under construction*

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

*Subsequent expenditure on existing fixed assets*

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

- Market value of the fixed asset has subsequently improved
- Asset capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the asset's life beyond that conferred by repairs and maintenance

*Buildings owned by third parties*

Where the College enjoys the use of an asset which it does not own and for which no rental or a nominal rental is paid, if practicable, a value is attributed to this benefit and capitalised, with a corresponding credit to deferred capital grants which are subsequently released to the income and expenditure account over the useful economic life of the asset at the same rate as the depreciation charge on the related asset(s).

*Equipment*

Equipment costing less than £2,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the local education authority is included in the balance sheet at valuation.

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

- technical equipment – 5 years on a straight-line basis
- motor vehicles – 5 years on a straight-line basis
- computer equipment – 3 years on a straight-line basis
- furniture, fixtures and fittings – 5 years on a straight-line basis.

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

**Leased assets**

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

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding council capital equipment grants, the associated assets are designated as grant-funded assets.

**Investments**

Fixed Asset investments are carried at historic cost less any provision for impairment in value. Current asset investments, which may include listed investments, are stated at the lower of their cost and net realisable value.

**Stocks**

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

**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 the income and expenditure account in the period in which they arise.

**Taxation**

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT 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.

**Liquid resources**

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

**Provisions**

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

**Agency arrangements**

The College acts as an agent in the collection and payment of discretionary support funds, Education Maintenance Allowance and Adult Learning Grant. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 33, except for the 5% of the grant received which is available to the College to cover administration costs relating to the grant.

**Distributable reserves of subsidiary companies**

During the 2013-14 financial year the directors of subsidiary companies reconsidered the presentation of gift aid payments in the financial statements. Previously the directors followed the Charity Commission guidance, but now understand that legal advice has been issued contradicting this. The directors now consider the gift aid payment to be akin to a distribution rather than an expense.

## 2. Funding Body Grants

| | 2015 | 2014 |
|---|---|---|
| | £'000 | £'000 |
| Skills Funding Agency recurrent grants | 7,211 | 10,027 |
| Education Funding Agency recurrent grant | 16,056 | 16,675 |
| HEFCE Recurrent grant | 495 | 970 |
| Funding Body non recurrent grants | 17,599 | 17,570 |
| Releases of deferred capital grants (note 19) | 112 | 50 |
| HE development grant | 75 | 5 |
| **Total** | **41,548** | **45,297** |

The College is the lead partner in a consortium to deliver Work Related Training across England. The income shown above includes that earned by the College in its capacity both as a provider and as the consortium lead. Total income claimed in the year under this arrangement and the direct payments to partners was as follows:

| | 2015 | 2014 |
|---|---|---|
| | £'000 | £'000 |
| Work Related Training income | 18,211 | 11,635 |
| Payments to non-College group partners | (13,277) | (8,869) |
| **Net income** | **4,934** | **2,766** |

## 3. Tuition Fees & Education Contracts

| | 2015 | 2014 |
|---|---|---|
| | £'000 | £'000 |
| Tuition fees | 6,535 | 6,405 |
| Education contracts | 609 | 484 |
| **Total** | **7,144** | **6,889** |

**Tuition fees funded by bursaries**

Included within the above amounts are tuition fees funded by bursaries of £2,400 (2013/14: £5,266)

## 4. Research Grants and Contracts

| | 2015 | 2014 |
|---|---|---|
| | £'000 | £'000 |
| European Commission | 7,591 | 3,466 |
| **Total** | **7,591** | **3,466** |

## 5. Endowment and Investment Income

| | 2015 | 2014 |
|---|---|---|
| | £'000 | £'000 |
| Other interest receivable | 51 | 91 |
| **Total** | **51** | **91** |

## 6. Staff costs

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

| | 2015 | 2014 |
|---|---|---|
| | No. | No. |
| Teaching staff | 362 | 424 |
| Non-teaching staff | 480 | 537 |
| | **842** | **961** |

**Staff costs for the above persons**

| | 2015 | 2014 |
|---|---|---|
| | £'000 | £'000 |
| Wages and salaries | 21,815 | 27,095 |
| Social security costs | 1,506 | 1,593 |
| Other pension costs (including FRS 17 adjustments of £676,000 – 2014 £797,000) | 3,100 | 3,347 |
| **Payroll sub total** | **26,421** | **32,035** |
| Contracted out staffing services | 127 | 36 |
| Exceptional Restructuring Costs | - | - |
| | **26,548** | **32,071** |

As a result of a review of the statutory accounts by the college, the college has concluded that pay costs for bksb were misclassified in prior years being included in other operating expenses and not staff costs. As a result pay costs for last year have been increased by £842,000 and other operating expenses reduced by £842,000. Pay for 2014 is therefore now stated as £32,071,000 having previously been stated as £31,229,000.

The number of senior post-holders and other staff who received emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

| | Senior post-holders | | Other staff | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | No. | No. | No. | No. |
| £60,001 to £70,000 | 0 | 0 | 4 | 6 |
| £70,001 to £80,000 | 0 | 0 | 2 | 1 |
| £80,001 to £90,000 | 0 | 0 | 0 | 2 |
| £90,001 to £100,000 | 2 | 2 | 2 | 0 |
| £220,001 to £230,000 | 0 | 1 | 0 | 0 |
| £240,001 to £250,000 | 1 | 0 | 0 | 0 |
| | **3** | **3** | **8** | **9** |

## 7 Senior post-holders' emoluments

Senior post-holders are defined as the Accounting Officer and holders of the other senior posts whom the Governing Body has selected for the purposes of the articles of government of the College relating to the appointment and promotion of staff who are appointed by the Governing Body.

| | 2015 | 2014 |
|---|---|---|
| | No. | No. |
| The number of senior post-holders including the Accounting Officer was: | 3 | 3 |

Senior post-holders' emoluments are made up as follows:

| | 2015 | 2014 |
|---|---|---|
| | £'000 | £'000 |
| Salaries | 432 | 410 |
| Benefits in kind | 8 | 6 |
| Pension contributions | 25 | 53 |
| **Total emoluments** | 465 | 469 |

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

| | 2015 | 2014 |
|---|---|---|
| | £'000 | £'000 |
| Salaries | 245 | 223 |
| Benefits in kind | 3 | 3 |
| | 248 | 226 |
| Pension contributions | 3 | 30 |

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

## 8. Other Operating Expenses

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Teaching costs | 15,439 | 16,022 |
| Non-teaching costs | 11,149 | 11,144 |
| Premises costs | 1,566 | 2,272 |
| **Total** | **28,154** | **29,438** |

| **Other operating expenses include:** | **2015 £'000** | **2014 £'000** |
|---|---|---|
| Auditors' remuneration: | | |
| Financial statements audit* | 36 | 43 |
| Internal audit** | 25 | 28 |
| Other services provided by the financial statements auditors | 1 | 1 |
| Hire of plant and machinery – operating leases | 51 | 62 |
| Hire of other assets – operating leases | 70 | 141 |

* includes £24,540 in respect of the College (2014: £23,400)

** includes £25,000 in respect of the College (2014: £28,000)

As a result of a review of the statutory accounts by the college, the college has concluded that wage costs for bksb were misclassified in prior years being included in other operating expenses and not staff costs. As a result pay costs for last year have been increased by £842,000 and other operating expenses reduced by £842,000, 2014 Non-teaching costs are therefore now stated above as £11,144,000 having previously been shown as £11,986,000.

## 9. Interest and Other Finance Costs

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| On bank loans, overdrafts and other loans: | | |
| Repayable within five years, not by instalments | - | - |
| Repayable within five years, by instalments | - | - |
| Repayable wholly or partly in more than five years | 724 | 635 |
| | 724 | 635 |
| On finance leases | - | - |
| Pension finance costs (note 26) | 127 | 272 |
| **Total** | **851** | **907** |

## 10. Surplus/(Deficit) on Continuing Operations for the Year

The surplus/(deficit) on continuing operations for the year is made up as follows:

| | 2015 | 2014 |
|---|---|---|
| | £'000 | £'000 |
| College's surplus/(deficit) for the period | (1,393) | (1,417) |
| Surplus generated by subsidiary undertakings and transferred to the College under gift aid/deed of covenant | 1,144 | 895 |
| Profit/(loss) retained by subsidiary undertakings | 457 | (5,759) |
| Distributions previously made by subsidiaries returned to subsidiaries under gift aid/deed of covenant | - | 46 |
| **Total** | **208** | **(6,235)** |

## 11. Tangible Fixed Assets (Group)

| | Land and buildings Freehold | Assets under construction | Equipment | Total |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| **Cost or valuation** | | | | |
| At 1 August 2014 | 40,089 | 9,922 | 14,048 | 64,059 |
| Additions | 1,511 | 295 | 625 | 2,431 |
| Transfers | 9,922 | (9,922) | - | - |
| Disposals | (2,463) | - | (45) | (2,508) |
| **At 31 July 2015** | **49,059** | **295** | **14,628** | **63,982** |
| **Depreciation** | | | | |
| At 1 August 2014 | 6,931 | - | 12,204 | 19,135 |
| Charge for the year | 936 | - | 1,020 | 1,956 |
| Eliminated in respect of disposals | (873) | - | (17) | (890) |
| **At 31 July 2015** | **6,994** | **-** | **13,207** | **20,201** |
| **Net book value at 31 July 2015** | **42,065** | **295** | **1,421** | **43,781** |
| Net book value at 31 July 2014 | 33,158 | 9,922 | 1,844 | 44,924 |

## 11. Tangible Fixed Assets (College Only)

| | Land and buildings | | Equipment | Total |
|---|---|---|---|---|
| | Freehold | Assets under construction | | |
| | £'000 | £'000 | £'000 | £'000 |
| **Cost or valuation** | | | | |
| At 1 August 2014 | 40,089 | 9,922 | 13,446 | 63,457 |
| Additions | 1,511 | 295 | 625 | 2,430 |
| Transfers | 9,922 | (9,922) | - | - |
| Disposals | (2,463) | - | (45) | (2,508) |
| **At 31 July 2015** | **49,059** | **295** | **14,026** | **63,379** |
| **Depreciation** | | | | |
| At 1 August 2014 | 6,931 | - | 11,766 | 18,697 |
| Charge for the year | 936 | - | 938 | 1,874 |
| Eliminated in respect of disposals | (873) | - | (17) | (890) |
| **At 31 July 2015** | **6,994** | - | **12,687** | **19,681** |
| **Net book value at 31 July 2015** | **42,064** | **295** | **1,339** | **43,698** |
| Net book value at 31 July 2014 | 33,158 | 9,922 | 1,680 | 44,760 |

The transitional rules set out in FRS 15 Tangible Fixed Assets have been applied on implementing FRS 15. Accordingly the book values at implementation have been retained.

## 12. Investments

| | College 2015 £'000 | College 2014 £'000 |
|---|---|---|
| Investments in subsidiary companies | 89 | 64 |
| **Total** | **89** | **64** |

The College owns 100% of the issued ordinary £1 shares of bksb Limited, a company incorporated in England and Wales, 100% of the issued ordinary £1 shares of Safety Plus (training & consultancy) Limited, a company incorporated in England and Wales, 100% of the issued ordinary £1 shares of Safety Plus Construction Limited, a company incorporated in England and Wales, 100% of the issued ordinary £1 shares of Vision Workforce Skills Limited, a company incorporated in England and Wales and 100% of the issued ordinary £1 shares of Vision Apprentices Limited, a company incorporated in England and Wales.

The principal business activity of bksb Limited is to provide the commercial development of the bksb software products.

The principal business activity of Safety Plus (training & consultancy) limited is to provide training and consultancy services to the construction industry. The principal business activity of Safety Plus Construction limited is to operate as a commercial construction company. Neither Safety Plus (training & consultancy) Limited nor Safety Plus (construction) Limited actively traded in 2014/15.

Vision Workforce Skills Limited operated in 2013/14 as a company to provide training and education to employers throughout the country. During 2014/15 the company has not actively traded and its operations were focused upon exiting residual liabilities for property and other commitments for which full provision has been made.

The principal business activity of Vision Apprentices Limited is to provide trainee apprentice resource through means of agency.

## 13. Debtors

| | Group 2015 £'000 | College 2015 £'000 | Group 2014 £'000 | College 2014 £'000 |
|---|---|---|---|---|
| Amounts falling due within one year: | | | | |
| Trade debtors | 1,980 | 863 | 1,715 | 372 |
| Amounts owed by group undertakings: | | | | |
| Subsidiary undertakings | - | 4,685 | - | 1,959 |
| Prepayments and accrued income | 2,179 | 2,140 | 915 | 1,957 |
| Amounts owed by Funding Councils | 744 | 744 | 65 | 65 |
| **Total** | **4,903** | **8,432** | **2,695** | **4,353** |

## 14. Creditors: amounts falling due within one year

| | Group 2015 £'000 | College 2015 £'000 | Group 2014 £'000 | College 2014 £'000 |
|---|---|---|---|---|
| Bank loans and overdrafts | 739 | 739 | 739 | 739 |
| Payments received in advance | 23 | 23 | 18 | 18 |
| Trade creditors | 846 | 751 | 302 | 243 |
| Amounts owed to group undertakings: | | | | |
| Subsidiary undertakings | - | 41 | - | 287 |
| Other taxation and social security | 658 | 468 | 847 | 503 |
| Accruals | 11,283 | 8,816 | 13,265 | 9,110 |
| Amounts owed to the Skills Funding Agency | 3,923 | 3,923 | 2,246 | 2,246 |
| **Total** | **17,472** | **14,761** | **17,417** | **13,146** |

## 15. Creditors: amounts falling due after one year

| | Group 2015 £'000 | College 2015 £'000 | Group 2014 £'000 | College 2014 £'000 |
|---|---|---|---|---|
| Bank Loan | 15,522 | 15,522 | 16,261 | 16,261 |
| **Total** | **15,522** | **15,522** | **16,261** | **16,261** |

## 16. Borrowings

### a. Bank Loans & Overdrafts

Bank loans and overdrafts are repayable as follows:

| | Group 2015 £'000 | College 2015 £'000 | Group 2014 £'000 | College 2014 £'000 |
|---|---|---|---|---|
| In the next year | 739 | 739 | 739 | 739 |
| Between one and two years | 739 | 739 | 739 | 739 |
| Between two and five years | 2,217 | 2,217 | 2,217 | 2,217 |
| More than five years | 12,566 | 12,566 | 13,305 | 13,305 |
| **Total** | **16,261** | **16,261** | **17,000** | **17,000** |

## 17. Provisions for liabilities and charges

| | Group and College | | |
|---|---|---|---|
| | Enhanced pensions £'000 | Dilapidations £'000 | Total £'000 |
| At 1 August 2014 | 906 | 1,589 | **2,495** |
| Expenditure in the period | (67) | (1,078) | (1,145) |
| Transferred from income and expenditure account | 64 | - | 64 |
| **At 31 July 2015** | **903** | **511** | **1,414** |

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 funding bodies.

The principal assumptions for this calculation are:

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

## 18. Deferred capital grants

| | Group and College | | |
|---|---|---|---|
| | Funding body | Other grants | Total |
| | £'000 | £'000 | £'000 |
| **At 1 August 2014** | | | |
| Land & Buildings | 4,850 | 5,739 | 10,589 |
| Equipment | 5 | - | 5 |
| **Cash received** | | | |
| Land & Buildings | 900 | - | 900 |
| Equipment | - | - | - |
| **Released to income and expenditure account** | | | |
| Land & Buildings | 110 | 139 | 249 |
| Equipment | 2 | - | 2 |
| **At 31 July 2015** | | | |
| Land & Buildings | 5,641 | 5,600 | 11,241 |
| Equipment | 3 | - | 3 |
| | **5,644** | **5,600** | **11,244** |

## 19. Revaluation reserve

| | Group 2015 | College 2015 | Group 2014 | College 2014 |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| At 1 August | 6,554 | 6,554 | 6,759 | 6,759 |
| Transfer from revaluation reserve to general reserve in respect of: | | | | |
| Disposal of assets | (833) | (833) | - | - |
| Depreciation on revalued assets | (178) | (178) | (205) | (205) |
| **At 31 July** | **5,543** | **5,543** | **6,554** | **6,554** |

## 20. Movement on general reserves

| | Group 2015 £'000 | College 2015 £'000 | Group 2014 £'000 | College 2014 £'000 |
|---|---|---|---|---|
| **Income and expenditure account reserve** | | | | |
| At 1 August | (6,775) | (1,627) | 1,937 | 1,709 |
| (Deficit)/surplus retained for the year | 208 | (249) | (6,235) | (1,143) |
| Transfer from revaluation reserve | 1,011 | 1,011 | 205 | 205 |
| Transfer in of bksb liability | - | - | (207) | - |
| Actuarial gain/(loss) in respect of pension scheme | (819) | (759) | (2,475) | (2,398) |
| **At 31 July** | **(6,375)** | **(1,624)** | **(6,775)** | **(1,627)** |
| | | | | |
| Pension reserve | **(15,145)** | **(14,723)** | **(13,519)** | **(13,207)** |
| Income and expenditure account reserve excluding pension reserve | **8,770** | **13,099** | **6,744** | **11,580** |
| **At 31 July** | **(6,375)** | **(1,624)** | **(6,775)** | **(1,627)** |

## 21. Reconciliation of consolidated operating (deficit)/surplus to net cash inflow from operating activities

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| (Deficit)/surplus on continuing operations after depreciation of assets at | 1,000 | (6,235) |
| Depreciation (notes 1 and 11) | 1,956 | 1,747 |
| Deferred capital grants released to income | (250) | (180) |
| Profit on disposal on tangible fixed assets | 21 | 2 |
| Interest payable (note 9) | - | - |
| Interest receivable (note 5) | (51) | (91) |
| FRS 17 pension cost less contributions payable (notes 6 and 26) | 807 | 1,097 |
| (Increase)/decrease in stocks | 19 | 7 |
| (Increase)/decrease in debtors | (2,208) | 5,262 |
| Increase/(decrease) in creditors | 55 | (1,270) |
| Increase/(decrease) in provisions | (1,080) | (811) |
| **Net cash (outflow)/inflow from operating activities** | **269** | **(472)** |

## 22. Returns on investments and servicing of finance

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Other interest received | 51 | 91 |
| Interest Paid | - | - |
| **Net cash inflow from returns on investment and servicing of finance** | **51** | **91** |

## 23. Capital expenditure and financial investment

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Purchase of tangible fixed assets | (2,430) | (8,409) |
| Receipt from sale of tangible fixed assets | 802 | - |
| Deferred capital grants received | 900 | 2,213 |
| **Net cash outflow from capital expenditure and financial investment** | **(728)** | **(6,196)** |

## 24. Financing

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Capital element of finance lease rental payments | - | (24) |
| New Loans | - | 8,500 |
| Loan repayments | (739) | - |
| **Net cash inflow/(outflow) from financing** | **(739)** | **8,476** |

## 25. Analysis of changes in net funds

| | At 31 July 2014 £'000 | Cash flows £'000 | Other changes £'000 | At 31 July 2015 £'000 |
|---|---|---|---|---|
| Cash in hand, and at bank | 12,404 | (1,145) | - | 11,259 |
| Bank Loans | (17,000) | 739 | - | (16,261) |
| **Total** | **(4,596)** | **(406)** | - | **(5,002)** |

## 26 Pension and similar obligations

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

Staff transferred to the College under TUPE from Vision work Force Skills are eligible to be members of the Vision Workforce Skills Occupational Pension Scheme, a defined contribution scheme administered by an insurance company. Staff employed by bksb are eligible to be members of the local Government pension scheme.

| **Total pension cost for the year for College** | | **2015** | | **2014** |
|---|---|---|---|---|
| | | **£000** | | **£000** |
| Teachers Pension Scheme: contributions paid | | 1,273 | | 1,360 |
| Local Government Pension Scheme: | | | | |
| Contributions paid | 1,136 | | 1,121 | |
| FRS 17 charge | 630 | | 969 | |
| Other Pension Schemes | - | | - | |
| Charge to the Income and Expenditure Account (staff | | 3,039 | | 3,450 |
| Enhanced pension charge to Income and Expenditure Account (staff costs) | | - | | - |
| **Total Pension Cost for Year** | | **3,039** | | **3,329** |

| **Total pension cost for the year for Group** | | **2014** | | **2013** |
|---|---|---|---|---|
| | | **£000** | | **£000** |
| Teachers Pension Scheme: contributions paid | | 1,273 | | 1,360 |
| Local Government Pension Scheme: | | | | |
| Contributions paid | 1,183 | | 1,165 | |
| FRS 17 charge | 676 | | 994 | |
| Other Pension Schemes | - | | 90 | |
| Charge to the Income and Expenditure Account (staff | | 3,132 | | 3,609 |
| Enhanced pension charge to Income and Expenditure Account (staff costs) | | - | | - |
| **Total Pension Cost for Year** | | **3,132** | | **3,609** |

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

**Teachers' Pension Scheme**

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

**The Teachers' Pension Budgeting and Valuation Account**

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972 and are paid out of public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay-as-you-go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

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

**Valuation of the Teachers' Pension Scheme**

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Services Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 09 June 2014. The key results of the valuation are:

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

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

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

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

**Scheme Changes**

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

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

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

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

The pension cost paid to TPS in the year amounted to £1,273,000 (2014: £1,360,000).

***FRS 17***

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by Nottinghamshire County Council. The total contribution made for the year ended 31 July 2015 was £1,738,000 (Group) and £1,661,000 (College), of which employer's contributions totalled £1,183,000 (Group) and £1,136,000 (College) and employees' contributions totalled £555,000 (Group) and £525,000 (College). The agreed contribution rates for future years are 11.0% for employers and for employees between 5.5 and 12.5%.

***FRS 17***

**Principal Actuarial Assumptions**

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

| | At 31 July 2015 | At 31 July 2014 |
|---|---|---|
| Rate of increase in salaries | 4.5% | 4.5% |
| Rate of increase for pensions in payment / inflation | 2.7% | 2.7% |
| Discount rate for scheme liabilities | 3.8% | 4.3% |
| Inflation assumption (CPI) | 2.7% | 2.7% |
| Commutation of pensions to lump sums | 50% | 50% |

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

| | At 31 July 2015 | At 31 July 2014 |
|---|---|---|
| *Retiring today* | | |
| Males | 22.1 | 22.0 |
| Females | 25.2 | 25.1 |
| *Retiring in 20 years* | | |
| Males | 24.2 | 24.1 |
| Females | 27.6 | 27.4 |

The College's share of the assets and liabilities in the scheme and the expected rates of return were:

| | **Long-term rate of return expected at 31 July 2015** | **Value at 31 July 2015 £'000** | **Long-term rate of return expected at 31 July 2014** | **Value at 31 July 2014 £'000** |
|---|---|---|---|---|
| Equities | 6.0% | 21,329 | 6.60% | 18,797 |
| Government Bonds | 6.0% | 891 | 3.40% | 1,437 |
| Other Bonds | 6.0% | 2,098 | 4.00% | 1,743 |
| Property | 6.0% | 3,292 | 5.90% | 2,927 |
| Cash | 6.0% | 956 | 3.20% | 1,116 |
| Other | 6.0% | 841 | 3.40% | - |
| **Total market value of assets** | | **29,407** | | **26,020** |
| Present value of scheme liabilities | | | | |
| - Funded | | (44,130) | | (39,142) |
| - Unfunded | | - | | (85) |
| Related deferred tax liability | | - | | - |
| **Surplus/(deficit) in the scheme** | | **(14,723)** | | **(13,207)** |

The College Group's share of the assets and liabilities in the scheme and the expected rates of return were:

| | **Long-term rate of return expected at 31 July 2015** | **Value at 31 July 2015 £'000** | **Long-term rate of return expected at 31 July 2014** | **Value at 31 July 2014 £'000** |
|---|---|---|---|---|
| Equities | 6.0% | 21,827 | 6.60% | 19,198 |
| Government Bonds | 6.0% | 912 | 3.40% | 1,468 |
| Other Bonds | 6.0% | 2,147 | 4.00% | 1,780 |
| Property | 6.0% | 3,369 | 5.90% | 2,989 |
| Cash | 6.0% | 978 | 3.20% | 1,140 |
| Other | 6.0% | 861 | 3.40% | - |
| **Total market value of assets** | | **30,094** | | **26,575** |
| Present value of scheme liabilities | | | | |
| - Funded | | (45,239) | | (40,009) |
| - Unfunded | | - | | (85) |
| Related deferred tax liability | | | | |
| **Surplus/(deficit) in the scheme** | | **(15,145)** | | **(13,519)** |

**Analysis of the amount charged to income and expenditure account (GROUP)**

| | 2015 | 2014 |
|---|---|---|
| | £'000 | £'000 |
| Employer service cost (net of employee contributions) | 630 | 962 |
| Past service cost | - | - |
| **Total operating charge** | **630** | **962** |

**Analysis of pension finance income / (costs)**

| | | |
|---|---|---|
| Expected return on pension scheme assets | 1,593 | 1,353 |
| Interest on pension liabilities | (1,720) | (1,632) |
| **Pension finance income / (costs)** | **(127)** | **(279)** |

**Amount recognised in the statement of total recognised gains and losses (STRGL)**

| | 2015 | 2014 |
|---|---|---|
| | £'000 | £'000 |
| Actuarial gains on pension scheme assets | 915 | (276) |
| Experience gains arising on the scheme liabilities | 89 | 2,483 |
| Change in financial and demographic assumptions underlying the scheme liabilities | (1,763) | (4,598) |
| **Actuarial gain recognised in STRGL** | **(759)** | **(2,391)** |

**College Movement in surplus/(deficit) during year**

| | 2015 | 2014 |
|---|---|---|
| | £'000 | £'000 |
| Surplus/(deficit) in scheme at 1 August | (13,207) | (9,740) |
| Movement in year: | | |
| Employer service cost (net of employee contributions) | (1,766) | (2,090) |
| Employer contributions | 1,136 | 1,128 |
| Past service cost | - | - |
| Settlement/Curtailment costs | - | 165 |
| Net interest/return on assets | (127) | (279) |
| Actuarial gain or loss | (759) | (2,391) |
| **(Deficit) in scheme at 31 July** | **(14,723)** | **(13,207)** |

**Asset and Liability Reconciliation (College)**

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| **Reconciliation of Liabilities** | | |
| **Liabilities at start of period** | 39,227 | 33,627 |
| Service cost | 1,766 | 2,090 |
| Interest cost | 1,720 | 1,632 |
| Employee contributions | 525 | 527 |
| Actuarial (gain)/loss | 1,674 | 2,725 |
| Liabilities extinguished on settlement | - | (620) |
| Benefits paid | (782) | (747) |
| Past Service cost | - | - |
| Unfunded Pension Payments | - | (7) |
| Curtailments and settlements | - | - |
| **Liabilities at end of period** | **44,130** | **39,227** |
| **Reconciliation of Assets** | | |
| **Assets at start of period** | 26,020 | 23,887 |
| Expected return on assets | 1,593 | 1,353 |
| Actuarial gain/(loss) | 915 | 334 |
| Employer contributions | 1,136 | 1,128 |
| Employee contributions | 525 | 527 |
| Benefits paid | (782) | (754) |
| Settlements | - | (455) |
| **Assets at end of period** | **29,407** | **26,020** |

The estimated value of employer contributions for the year ended 31 July 2015 is £1,093,000.

**College Group Movement in surplus/(deficit) during year**

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Surplus/(deficit) in scheme at 1 August | (13,519) | (9,740) |
| Movement in year: | | |
| Employer service cost (net of employee contributions) | (1,859) | (2,159) |
| Deficit within bksb at transfer point | - | (207) |
| Employer contributions | 1,183 | 1,172 |
| Past service cost | - | - |
| Settlement/Curtailment costs | - | 165 |
| Net interest/return on assets | (131) | (282) |
| Actuarial gain or loss | (819) | (2,468) |
| **(Deficit) in scheme at 31 July** | **(15,145)** | **(13,519)** |

**Asset and Liability Reconciliation (GROUP)**

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| **Reconciliation of Liabilities** | | |
| **Liabilities at start of period** | 40,094 | 33,627 |
| Liabilities at transfer point | - | 662 |
| Service cost | 1,859 | 2,159 |
| Interest cost | 1,760 | 1,663 |
| Employee contributions | 555 | 551 |
| Actuarial (gain)/loss | 1,754 | 2,806 |
| Liabilities extinguished on settlement | - | (620) |
| Benefits paid | (783) | (747) |
| Past Service cost | - | - |
| Unfunded Pension Payments | - | (7) |
| Curtailments and settlements | - | - |
| **Liabilities at end of period** | **45,239** | **40,094** |

**Reconciliation of Assets**

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| **Assets at start of period** | 26,575 | 23,887 |
| Assets at transfer point within bksb | - | 455 |
| Expected return on assets | 1,629 | 1,381 |
| Actuarial gain/(loss) | 935 | 338 |
| Employer contributions | 1,183 | 1,172 |
| Employee contributions | 555 | 551 |
| Benefits paid | (783) | (754) |
| Settlements | - | (455) |
| | **30,094** | **26,575** |

The estimated value of employer contributions for the year ended 31 July 2015 is £1,145,000.

**Deficit Contributions**

The College has entered into an agreement with the LGPS to make additional contributions of £172,000 per annum in addition to normal funding levels until the next full valuation at which point the situation will be reviewed again.

**History of experience gains and losses (College)**

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| Difference between the expected and actual return on assets: | | | | | |
| Amount £'000 | 915 | 334 | 2,842 | (1,226) | 1,560 |
| Experience gains and losses on scheme liabilities: | | | | | |
| Amount £'000 | 89 | 1,873 | (4) | 2 | 2,459 |
| Cumulative amount recognised in STRGL: | | | | | |
| Amount £'000* | (759) | (2,391) | 3,748 | (4,923) | (85) |

**History of experience gains and losses (College Group)**

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| Difference between the expected and actual return on assets: | | | | | |
| Amount £'000 | 919 | (272) | 2,842 | (1,226) | 1,560 |
| Experience gains and losses on scheme liabilities: | | | | | |
| Amount £'000 | 89 | 1,873 | (4) | 2 | 2,459 |
| Cumulative amount recognised in STRGL: | | | | | |
| Amount £'000* | (819) | (2,468) | 3,748 | (4,923) | (85) |

## 27 Post-balance sheet events

There were no post balance sheet events

## 28. Capital commitments

| | Group and College | |
|---|---|---|
| | 2015 | 2014 |
| | £'000 | £'000 |
| Commitments contracted for at 31 July | 403 | 2,720 |
| Authorised but not contracted at 31 July | - | - |

## 29. Financial commitments

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

| | Group and College 2015 £'000 | 2014 £'000 |
|---|---|---|
| Other | | |
| Expiring within one year | 58 | 47 |
| Expiring within two and five years inclusive | 41 | 114 |
| Expiring in over five years | - | - |
| | 99 | 161 |

## 30. Contingent liability

There were no contingent liabilities as at 31 July 2014.

## 31. Related party transactions

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

*The Inspire & Achieve Foundation* – a registered charity of which Dame Asha Khemka OBE, College Principal & Chief Executive is a trustee.

Sales transactions in the year amounted to £1,410 (2014 – £12,832). The outstanding balances at the year-end was £29,831 (2014 – £33,408)

*Birchwood Innovations Limited* – a property consultancy for whom Richard Ian Baggaley, a Governor, is a Director. Purchase transactions in the year amounted to £106,676 (2014: £73,372) relating to leasehold property surrender and completion. Balance at year end of £nil (2014: £nil).

*Tim Clarke, Consultancy Services* – Mr.Clarke, Chair of bksb, provided consultancy services amounting to £8,000 (2014: £nil).

Transactions with the funding bodies and HEFCE are detailed in notes 2, 13, 14 and 18.

## 32. Prior year adjustments

There are no prior year adjustments