WEST NOTTINGHAMSHIRE COLLEGE

Report and Consolidated Financial Statements

for the year ended 31 July 2016

Key Management Personnel, Board of Governors and Professional advisers

Key management personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2015/16:

Dame Asha Khemka DBE	Principal and CEO; Accounting officer
Andrew Martin	Deputy Principal/Director of Finance
Chris Thomas	Deputy Principal: Teaching & Learning
Tom Stevens	Executive Director: Capital Projects

Board of Governors

A full list of Governors is given on page 17 of these financial statements.

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

Professional advisers

Financial statements auditors and reporting accountants:

KMPG LLP
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Internal auditors:

RSM Risk Assurance Services LLP
Suite A, 7th Floor
City Gate East, Tollhouse Hill
Nottingham
NG1 5FS

Bankers:

Lloyds Bank PLC
1st Floor
Butt Dyke House
33 Park Row
Nottingham
NG1 6GY

Solicitors:

Eversheds LLP
1 Royal Standard Place
Nottingham
NG1 6FZ

CONTENTS

Strategic Report

NATURE, OBJECTIVES AND STRATEGIES:

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

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 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; and
- Links with employers, industry and commerce.

Implementation of 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 2015/16 to 2017/18. 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 2015/16 were:

Schools of Learning (16-19 Study Programmes)

- Increase the opportunities for meaningful work placement for all 16-19 year-olds as part of their study programmes.
- Develop ways of delivering wider learning as part of study programmes more efficiently through increased use of non-teaching resource.
- Continue to implement English and maths policy across the College for those aged 16-18 that do not have A*-C at GCSE and continue to promote the development of maths and English for those that have achieve this level of qualification.
- Focus on areas of development within each School of Learning from mock inspection and self-assessment process through Quality Improvement Plans.
- Greater involvement of local employers in developing the course offer but also the course content to ensure young people have the skills they need to enter employment.
- Continue to undertake lesson observations and extend the number of learning walks undertaken as part of an overarching approach to improve the quality of teaching and learning to improve success rates and encourage higher levels of progression to positive destinations.
- Develop online content for all courses to increase the amount of online learning as part of a blended learning approach across all schools.

Employer Engagement - Workplace Learning and Partnership Delivery

- Continue to increase the number of Apprenticeship starts over the course of next year – with increasing numbers being based in the East Midlands and delivered directly by the College.
- Expand the use of Traineeships as part of a pre-Apprenticeship offer to support progression of young people into Apprenticeships.
- Reduce level of Adult Skills Budget being used on lower priority activity (anything other than Apprenticeships, Traineeships or English and maths).
- Ongoing monitoring of assessor caseloads to ensure efficient use of resources.
- Continue to improve performance of delivery partners through supported observations (focussed according to risk) to help improve outcomes and success rates.
- Focus partner activity on priority areas (both in terms of national and local priorities) and to add to (rather than replace College capacity) and to extend our reach geographically.
- Improve partner delivery to profile by requiring them to be within 85% of monthly profile.
- Support for employer and Apprentice to maximise successful progression into full time position following their Apprenticeships.
- Continue to monitor the satisfaction of employers and learners in the workplace and take action to address any issues.
- Develop a plan for which employers we are going to focus on in order to create strategic and longer term relationships.

Higher Education and Higher Level Skills

- Increase the number of learners applying for our traditional HE courses in line with our plan for the University Centre expansion.
- Plan for the introduction of new HE courses (in line with the new University Centre business plan) to support the increase in numbers.

- Develop a new professional course offer that will be targeted at local employed adults and local SMEs that need a range of professional skills.
- Plan for a range of master classes that will be accessed by our HE and higher level skills students.
- Increase the number of Higher Apprenticeship starts in partnership with local employers.
- Develop the curriculum offer for 24+ Advanced Learning Loans focussed on Access to HE and other courses providing progression to higher level skills through the new University Centre.
- Enhancing our link with employers to develop clear progression pathways through to higher level skills.

Learner Engagement, Marketing & Communications

- Focus local 16-18 marketing effort on Ashfield schools to increase market share, with some targeted activity in Bolsover, Ollerton and North of Nottingham City.
- Targeted marketing to encourage take up of 24+ Advanced Learning Loans – looking particularly at women returners and adults looking to progress into HE.
- Increased marketing to support HE recruitment in line with University Centre business plans.
- Promotion of higher level skills offer (professional courses, master classes, etc.) that will be available through the new University Centre.
- The use of fully online prospectuses to maximise impact of marketing resources, particularly for young people.
- Increase conversion from application and offer to enrolment.

The College's specific objectives for 2015/16 and achievement of those objectives is detailed below:

- The College achieved 2720 16-18 student numbers funded by the EFA against a target of 2,906 Students.
- The College generated £5.995 million of Adult Skills (non-apprenticeship) Funding against a target of £6.700 million.
- Activity on the Apprenticeship programme delivered income of £5.017 million for 16-18 learners and £13.290 million for adult learners giving a total value of £18.307 million compared to £16.19 million in 2014/15.
- HE learner volumes for the year were 437 learners and 378.72 FTE against a target of 475 learners.

Financial objectives

The College Governors maintained the same financial objectives for 2015/16 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 2015/16, all of the financial objectives have been met with the following outcomes for the year ended 31 July 2016:

- An SFA Financial Health rating of 'Satisfactory';
- Holding cash days of 49;
- Delivering a cash inflow from operating activities of £2,251k for the year;

- Operated within all banking covenants during the year;
- Issuing management accounts within 15 days of the period to which they relate; and
- Reviewing financial performance with budget holders every 2 months during the year.

Performance indicators

The College is committed to observing the importance of sector measures and indicators and uses a specific set of KPI's which are monitored by the Corporation Board throughout the financial year. The KPI's include (with targets in brackets) the following:

- Total Learner Numbers sub-divided into 16-18 full time students (2,910) and Apprenticeships (7,128);
- Success Rates for Classroom (88%) and Apprenticeship (82%) programmes;
- Customer Satisfaction for classroom (95%) and workplace learning (95%);
- Graded Lesson Observations for College (85% good or better) and Partner delivery (75% good or better);
- Staff Absence (3.4%); and
- Financial health score (minimum 120) and operating surplus (Group Budget).

The College is required to complete the annual Finance Record for the Skills Funding Agency. The College is assessed by the Skills Funding Agency as having a "Satisfactory" financial health grading. The current rating of Satisfactory is considered an acceptable outcome due to the level of debt financed investment in College facilities.

FINANCIAL POSITION

Financial results

The Statement of Comprehensive Income for the financial year reports a total comprehensive deficit of £8,472k (2015: deficit of £627k) impacted by a significant actuarial loss within the defined benefit pension liability. At a historic cost level the College Group generated a surplus before defined benefit pension adjustments other gains and losses in the year of £738k (2014/15 – surplus of £2,010k), with total income of £50,423k, (2014/15 - (£58,508k).

The Group has accumulated reserves of £8,926k (2014/15 - £8,189k) excluding defined benefit pension liabilities and cash and short term investment balances of £6,688k (2014/15 - £11,259k). The Group wishes to continue to accumulate reserves and cash balances in order to further invest in the facilities and resources for students and employers.

Tangible fixed asset additions during the year amounted to £6,145k (2014/15 - £2,430k). This was split between land and buildings acquired of £5,330k and equipment purchased of £815k. In the main, this related to the new Higher Skills Centre building on the Derby Road campus which was completed in September 2016. The building cost £6.5 million and provides a purpose built facility for the College to deliver higher level skills to meet the identified needs of the Local Enterprise Partnership and support skills acquisition to boost local productivity.

The Group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2015/16 the FE funding bodies provided 80% (2014/15 - £78%) of the Group's total income.

The College has been informed that the Nottinghamshire County Council Local Government Pension Scheme (LGPS) will complete a triannual valuation of the scheme in December 2016 which may impact upon the future contribution levels and the past deficit contributions. On completion of this review, the College plans to review the assumptions used with a view to ensure that the assumptions accurately reflect the College membership of the scheme.

The College has six subsidiary companies, bksb Limited, Safety Plus (Training & Consultancy) Limited, Safety Plus Construction Limited, Vision Workforce Skills Limited (VWS), Vision Business Support Services Limited (VBSS) and Vision Apprentices Limited (VA). 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. Vision Business Support Services begun trading in the year and provide back office business support services.

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 £1,417k (2014/15 - £1,204k) for bksb Limited, a loss of £40,041 (2014/15 – surplus of £400,373) for VWS, a loss of £21,813 (2014/15 - loss of £2,624) for VA and a profit of £10,333 for VBSS (2014/15 - £zero).

Bksb Limited has established a limited company in India, bksb India Private Limited which begun trading in 2014. The business is expected to develop over the next few years but is not of significant materiality and as a result has not been consolidated within these financial statements.

The College is also the sponsor of Vision Studio School, a school Academy established in 2013 to meet the needs of 14-19 learners in specific industry segments. The Academy is an independent company limited by guarantee and operates under a funding agreement with the Department for Education. The College provides specialist back office services to the school. Its results are not subject to consolidation within the financial statements.

Treasury policies and objectives

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

The College has a separate treasury management policy in place.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

Cash flows and liquidity

At £2.257 million (2014/15 £1.171 million), net cash flow from operating activities was strong. The net cashflow resulted from the operating performance in the year before the charges for depreciation and defined benefit pensions costs which are non-cash items.

During the year the College continued to repay its long term debt at a rate of £0.739 million per annum and as at 31 July 2016 has an outstanding debt of £15.522 million (2014/15: 16.261 million).

The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cashflow. During the year this margin was comfortably exceeded.

Reserves Policy

The College Reserves Policy is to carry forward a prudent level of reserves designed to meet the medium and longer term requirements of operating the College and achieving the strategic objective, whilst protecting against any unforeseen events and risks. The College will aim to hold income and expenditure reserves excluding pension provisions and the impact of FRS102 of £13million by the end of the 2017/18 financial year and will monitor the progress towards meeting this target annually. Any reserves created through the disposal of property will be held in a restricted reserve and applied to future property improvement and maintenance. The College Board will review the reserves policy annually.

The reserves policy was set prior to the impact of FRS102 and at a comparable level the College income and expenditure reserves as at the end of the 2015/16 year is £9.533 million (excluding Defined Benefit pension reserve and holiday pay accrual).

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2015/16 the College has delivered activity that has produced £41.299 million in funding body main allocation funding (2014/15 – £42.284 million). The College had approximately 25,000 funded students.

Student achievements

Students continue to do well at West Nottinghamshire College. In 2014/15 16-18 learners' retention was 90% (2013/14: 91%) and achievement of 83% (2013/14: 86%). Adult learners delivered retention of 88% (2013/14: 93%) and achievement of 84% (2013/14: 89%). Work based learners enjoyed overall success of 70% (2013/14: 70%) for 16-18 learners and 76% (2013/14: 73%) for adult learners respectively. Adult learners on NVQ programmes delivered in the workplace achieved a 95% (2013/14: 96%) success rate. Whilst it is too early to confirm the success rates for 2015/16, 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. The area has a need for higher level skills, particularly in the technical and professional areas and the College will be at the centre of providing these opportunities. The area continues to have low progression rates to higher education and the College is challenging this not least through the development of a multimillion pound Higher Education Centre that opened in September 2016.

The College plans the curriculum to meet the differing needs of learners, including provision for high needs learners that 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. 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; for example our Sheffield centre provide excellent routes into the construction industry for the long term unemployed by working with Job Centre Plus. 72% of learners on these courses become sustainably employed as a result of this initiative.

Provision for employer engagement is flexible and responsive, meeting the needs of 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 three 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 per cent. During the accounting period 1 August 2015 to 31 July 2016, the College paid 96.4 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Events after the end of the reporting period

There were no reportable events after the reporting period.

Future prospects

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

At the end of the accounting period the College completed its accommodation programme with the creation of a new Higher Skills Centre due for opening in September 2016. Investment in this facility includes co-funding by the Local Enterprise Partnership (LEP) and accommodation for over 600 additional students with a total investment of £6.5million. This further contributes 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 provide a significant opportunity yet also pose a potential risk until the Government are able to clarify the proposals for delivery after April 2017. The College remains exposed to the use of sub-contractors to deliver some of its programmes and the position of sub-contracting will play an important part in the future shape of the College provision. Despite this, the increase in funding for apprenticeships through the introduction of a large employer levy provides enormous opportunity to grow what has become the Colleges core business.

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 nationally is properly recognised and valued in the context of challenging funding settlements for the sector in the future. The College will take part in wave 5 of the review process with the review commencing in November 2016.

Our commitment to Vision Studio School (a Studio School sponsored by West Nottinghamshire College) remains after two years of operation when more than 200 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.

The College believes it will be able to continue in operation and meet its liabilities taking account of the current position and principal risks for the foreseeable future. The College business plan and underpinning financial forecasts provide the assurance that the College can continue to thrive whilst meeting the core Government objectives for the public funding with which it is entrusted.

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 have been supplemented by the Higher Skills Centre at Derby Road from September 2016.

Financial

The College has £42.97 million of total assets less current liabilities and long term debt of £14.783 million.

People

The College employs 799 people (expressed as full time equivalents), of whom 332 are teaching staff.

Reputation

The College has a good reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and 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 2016, 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 College's 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 College's 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; and
- 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; and
- Risks are actively monitored and regularly reviewed.

Outlined below are the Key Strategic Risks identified by the Executive and approved by the Corporation Board which 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 College's 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. Recent proposals for substantial change to the way that Apprenticeships are contracted, delivered and funded could have a significant impact upon the College's business model.

The key risks identified are:

- Reputational risk in not adequately supporting employer's 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; and
- A failure to interpret Government policy accurately.

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; and
- Quality improvement and quality assurance processes.

2. Financial Stability

The College group financial performance has been improving through 2014/15 from a difficult position at the end of 2013/14. In an ever more changing public spending climate it remains important that the College Group delivers its financial targets in 2015/16 and beyond 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 through demographic downturn; and
- 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; and
- 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; and
- 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; and
- 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" status; and
- 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; and
- 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; and
- 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 Employee Council. The College holds an annual stakeholder engagement event which is well attended.

Equal opportunities

The 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, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis. The College's Equal Opportunities Policy is published on the College's Intranet site.

The College publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College undertakes equality impact assessments on all new policies and procedures and publishes the results. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

The College is a 'Positive about Disabled' employer and has committed to the principles and objectives of the Positive about Disabled standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

The College has also implemented an Equality & Diversity training programme which all staff have attended. Refresher training and training for new starters is carried out on an ongoing basis.

Disability statement

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

a. To ensure access to provision for people with disabilities;

b. There is a list of specialist equipment, which the College can make available for use by learners;

c. The College has made a significant investment in the appointment of specialist lecturers to support learners with learning difficulties and disabilities. There are 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 15 December 2016 and signed on its behalf by:

Nevil Croston

Chair

Statement of Corporate Governance and Internal Control

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

The College endeavours to conduct its business:

i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code"); and
iii. having due regard to the UK Corporate Governance Code 2014 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 has adopted and complied with the Code. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the Governors, the College complies with all but one of the provisions of the Code. In July 2016, the Board made the decision to re-appoint two governors for a further period of office, this was a departure from the guidance that the maximum period of office for a governor should be 8 years (2 x 4 years). The re-appointments related to the Chair and Vice Chair of the board and were based upon an analysis of need, skills, experience and connections. Continuity in such senior roles was considered essential as the College approaches Area Review and awaits notification of an Ofsted inspection.

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 Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 17 September 2015.

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

The Corporation

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

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 Term of office extended to 31.07.2016	4 years to 31.3.2016 Term of office extended to 31.07.2020		Business Member	R (Chair); Chair of Governors from Jan 2014	100%	88%
Dame Asha Khemka DBE	01.05.2006	n/a		Principal and Chief Executive	FRE; ST	77%	77%
David Overton *	31.01.2011	4 years term ends 31.01 2019		Business member	A (Chair from Jan 2014); FRE (for estates matters only)	75% (80% FRE)	100%
Chris Winterton *	28.02.2013*	4 years term ends 28.02.2017		Business member	A	75%	66%
Kate Allsop *	01.08.2009	4 years to 31.7.2016 Term of office extended to 31.07.2020		Local Authority member	Vice Chair of Governors from Jan 2014	N/A	77%
Terry Dean*	15.10.2009	4 years term ends on 15.10.2017		Business Member	FRE	80%	55%
Tim Clarke*	11.03.2010	4 years term ends on 11.3.2018		Business Member	R; Subsidiary Co's Director	100%	88%
John Holford*	28.01.2010	4 years term ends 28.01.2018		Business Member	ST (Chair)	100%	77%
John Robinson *	15.07.2011	4 years term ends on 15.7.2019		Business Member	-	N/A	55%
Malcolm Hall MBE	27.04.2012 Reappointment 26.04.2016	4 years term ends on 26.4.2020		Business Member	FRE	60%	55%
Hari Punchihewa	16.01.2013	4 years term ends on 16.1.2017		Business Member	FRE (Chair)	80%	22%
Ian Baggaley	23.05.2013	4 years term ends on 23.5.2017		Business Member	Subsidiary Co's Director	71%	66%
Jamie Fryatt	28.01.2016	4 years term ends on 28.1.2020		Independent Member	A**	0%	100%
Jean Marriott*	28.01.2016 Reappointment 31.07.2016	1 year term ends on 31.7.2017		Student Member	ST	N/A	75%
Mark Williams	10.03.2016	4 years term ends on 10.3.2020		Independent Member	ST	100%	100%
Neil Robinson	26.02.2015	4 years term ends on 26.02.2019		Audit Committee Co-opted	A	50%	N/A
Darren Wilkinson	17.12.2015	4 years term ends on 17.12.2019		Audit Committee Co-opted	A	67%	N/A
Alan Mele	17.12.2015	4 years term ends on 17.12.2019		Finance, Resources and Estates Co-opted	FRE	67%	N/A
Chris Hatherall	24.02.2016	4 years term ends 24.02.2020		Standards Committee Co-opted	ST	100%	N/A
Diana Meale	11.10.2012	4 year term ends on 16.10.2016		Business Member	A; ST; R	N/A	N/A
Colin Sawers	11.10.2012	4 years term ends on 11.10.2016		Staff Member	FRE	N/A	N/A
Maxine Bagshaw acts as Clerk to the Corporation. * denotes re-appointment R = Remuneration; FRE = Finance, Resources and Estates; A = Audit; ST = Standards **Jamie Fryatt missed 1 out of a potential 1 Audit Committee in 2015/16							

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 each term.

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, Resources and Estates, Standards, Remuneration, Search and Audit. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website at www.wnc.ac.uk or 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 provided on an ad hoc basis.

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

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

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. 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.

Corporation performance

The Corporation undertakes self-assessment each year at its June strategy and development event which is held off site. At its meeting in June 2016 the Corporation were of the view that the governance arrangements and Corporation performance remained strong. To support the objective of continuous improvement it was agreed that Governor Links would be reintroduced for the 2016/17 academic year and that a bullet point summary of all committee discussions/decisions would be prepared for each Corporation meeting by the clerk. In addition to this review opportunity, the Corporation does take on board any committee recommendations following each committee's review of their own performance and effectiveness at the last meeting in each academic year.

Remuneration Committee

Throughout the year ending 31 July 2016 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 Accounting Officer and other key management personnel.

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

Audit Committee

The Audit Committee comprises four members of the Corporation (excluding the Accounting Officer 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, reporting accountants and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

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

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

The Audit Committee also advises the Corporation on the appointment of internal, reporting accountants and financial statements auditors and their remuneration for 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 2016 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 2016 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; and
- 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; and
- comments made by the College's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors (for colleges subject to funding audit) in their management letters and other reports.

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

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

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

Going concern

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

Approved by order of the members of the Corporation on 15 December 2016 and signed on its behalf by:

Nevil Croston	**Dame Asha Khemka DBE**
Chair	**Accounting Officer**

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

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

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

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

Dame Asha Khemka DBE	**Nevil Croston**
Accounting Officer	**Chair of Governors**
15 December 2016	**15 December 2016**

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the Financial Memorandum between the Skills Funding Agency and the Corporation of the College, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the *2015 Statement of Recommended Practice – Accounting for Further and Higher Education* and with the *College Accounts Direction 2015 to 2016* 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; and
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

The Corporation is also required to prepare a Members Report which describes what it is trying to do and how it is 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 are used only in accordance with the Financial Memorandum with the Skills Funding Agency and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place 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 are not put at risk.

Approved by order of the members of the Corporation on 15 December 2016 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 2016 set out on pages 28 to 55. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the 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 Responsibilities of the Members of the Corporation set out on page 23, 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 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 Strategic Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 of the state of the Group's and of the College's affairs as at 31 July 2016 and of the Group's and of the College's income and expenditure, gains and losses and changes in reserves and the Group's and the College's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Joint Audit Code of Practice (June 2016) issued jointly by the Skills Funding Agency and the Education Funding Agency requires us to report to you if, in our opinion:

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

Signature

Andrew Argyle

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

20/12/2017

Reporting Accountant's Report on Regularity to the Corporation of West Nottinghamshire College and the Secretary of State for Education acting through Skills Funding Agency/Education Funding Agency

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

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

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

Respective responsibilities of West Nottinghamshire College and the reporting accountant

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

Our responsibilities for this engagement are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Joint Audit Code of Practice. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2015 to 31 July 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

Reporting Accountant's Report on Regularity to the Corporation of West Nottinghamshire College and the Secretary of State for Education acting through Skills Funding Agency/Education Funding Agency (continued)

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

The work undertaken to draw our conclusion included:

- Documenting the framework of authorities which govern the activities of the College;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the self-assessment questionnaire which supports the representations included in the Chair of Governors and Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Testing transactions with related parties;
- Confirming through enquiry and sample testing that the College has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a limited assurance conclusion on regularity consistent with the requirements of the Joint Audit Code of Practice.

Conclusion

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

Andrew Argyle
For and on behalf of KPMG LLP, Reporting Accountant
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

26/12/2016.

Consolidated Statements of Comprehensive Income

	Notes	Year ended 31 July 2016		Year ended 31 July 2015 Restated	
		Group	College	Group	College
		£'000	£'000	£'000	£'000
INCOME					
Funding body grants	2	41,299	41,299	42,284	42,284
Tuition fees and education contracts	3	4,464	4,153	4,474	4,085
Other grants and contracts	4	241	241	7,591	7,591
Other income	5	4,362	2,906	4,109	2,883
Investment income	6	58	46	51	40
Total income		**50,423**	**48,644**	**58,508**	**56,883**
EXPENDITURE					
Staff costs	8	26,580	25,274	26,588	25,361
Other operating expenses	9	21,863	21,641	28,159	28,289
Depreciation	12	1,780	1,743	1,952	1,875
Interest and other finance costs	10	1,250	1,235	1,321	1,306
Total expenditure		**51,474**	**49,893**	**58,019**	**56,830**
(Deficit)/surplus before other gains and losses		**(1,051)**	**(1,939)**	**490**	**52**
Loss on disposal of assets	12	-	-	(792)	(792)
Impairment of Assets	12	(363)	(363)	-	-
(Deficit) before tax		**(1,414)**	**(1,612)**	**(302)**	**(740)**
Taxation	11	(59)	-	15	-
(Deficit) for the year		**(1,473)**	**(1,612)**	**(287)**	**(740)**
Actuarial loss in respect of pensions schemes	25	(7,000)	(6,786)	(340)	(304)
Total Comprehensive deficit for the year		**(8,472)**	**(8,398)**	**(627)**	**(1,044)**
Total Comprehensive (deficit)/Income excluding defined benefit pension and other adjustments					
Total comprehensive deficit for the year		(8,472)	(8,398)	(627)	(1,044)
Pension adjustments charged to expenditure in the year		1,618	1,534	1,277	1,212
Actuarial loss in respect of pension schemes		7,053	6,786	349	304
Transfers between revaluation and income and expenditure reserves		539	539	1,011	1,011
Historical cost surplus for the year excluding defined benefit pension and other adjustments		**738**	**461**	**2,010**	**1,483**

Consolidated and College Statement of Changes in Reserves

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Group			
Restated Balance at 1st August 2014	**(7,340)**	**6,554**	**(786)**
(Deficit) from the income and expenditure account	(287)	-	(287)
Other comprehensive loss	(340)	-	(340)
Transfers between revaluation and income and expenditure reserves	1,011	(1,011)	-
	384	(1,011)	(627)
Balance at 31st July 2015	**(6,956)**	**5,543**	**(1,414)**
Deficit from the income and expenditure account	(1,473)	-	(1,473)
Other comprehensive losses	(7,000)	-	(7,000)
Transfers between revaluation and income and expenditure reserves	539	(539)	-
Total comprehensive deficit for the year	**(7,933)**	**(539)**	**(8,472)**
Balance at 31 July 2016	**(14,890)**	**5,004**	**(9,886)**
College			
Restated Balance at 1st August 2014	**(2,225)**	**6,554**	**4,329**
(Deficit) from the income and expenditure account	(740)	-	(740)
Other comprehensive loss	(304)	-	(304)
Transfers between revaluation and income and expenditure reserves	1,011	(1,011)	-
	(33)	(1,011)	(1,044)
Balance at 31st July 2015	**(2,258)**	**5,543**	**3,285**
(Deficit) from the income and expenditure account	(1,612)	-	(1,612)
Other comprehensive losses	(6,786)	-	(6,786)
Transfers between revaluation and income and expenditure reserves	539	(539)	-
Total comprehensive deficit for the year	**(7,859)**	**(539)**	**(8,398)**
Balance at 31 July 2016	**(10,117)**	**5,004**	**(5,113)**

Balance sheets as at 31 July

	Notes	Group	College	Group	College
				Restated	
		2016	2016	2015	2015
		£'000	£'000	£'000	£'000
Non-current assets					
Tangible Fixed assets	12	47,456	47,414	43,781	43,698
Investments	13	-	89	-	89
		47,456	**47,503**	**43,781**	**43,787**
Current assets					
Stocks		21	21	22	22
Trade and other receivables	14	3,335	6,753	4,906	8,432
Cash and cash equivalents	20	6,688	4,222	11,259	8,831
		10,044	**10,996**	**16,187**	**17,285**
Less: Creditors – amounts falling due within one year	16	(14,530)	(11,743)	(18,369)	(15,639)
Net current assets/(liabilities)		**(4,486)**	**(747)**	**(2,182)**	**1,646**
Total assets less current liabilities		**42,970**	**46,756**	**41,599**	**45,433**
Creditors – amounts falling due after more than one year	17	(27,936)	(27,936)	(26,522)	(26,522)
Provisions					
Defined benefit obligations	19	(23,688)	(23,043)	(15,145)	(14,723)
Other provisions	19	(1,232)	(891)	(1,414)	(903)
Total net assets		**(9,886)**	**(5,113)**	**(1,413)**	**3,285**
Unrestricted Reserves					
Income and expenditure account		(14,890)	(10,117)	(6,956)	(2,258)
Revaluation reserve		5,004	5,004	5,543	5,543
Total unrestricted reserves		**(9,886)**	**(5,113)**	**(1,413)**	**3,285**

The financial statements on pages 28 to 55 were approved and authorised for issue by the Corporation on **15 December 2016** and were signed on its behalf on that date by:

Nevil Croston

Chair

Dame Asha Khemka DBE

[Accounting Officer]

Consolidated Statement of Cash Flows

	Notes	2016	Restated 2015
		£'000	£'000
Cash flow from operating activities			
Surplus/(Deficit) for the year		(1,414)	(302)
Adjustment for non-cash items			
Depreciation		1,780	1,952
Impairment		363	-
decrease in stocks		2	19
decrease/(increase) in debtors		1,571	(2,208)
(decrease)/increase in creditors due within one year		(3,101)	55
Increase in creditors due after one year		1,414	695
(decrease) in provisions		(182)	(1,080)
Pensions costs less contributions payable		1,618	1,277
Taxation		(59)	-
Adjustment for investing or financing activities			
Investment income		(58)	(51)
Interest payable		-	-
Taxation paid		-	-
Loss on sale of fixed assets		322	815
Net cash flow from operating activities		**2,257**	**1,171**
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	802
Investment income		58	51
Payments made to acquire fixed assets		(6,145)	(2,430)
		(6,087)	(1,577)
Cash flows from financing activities			
Repayments of amounts borrowed		(739)	(739)
		(739)	(739)
(Decrease) in cash and cash equivalents in the year		**(4,570)**	**(1,145)**
Cash and cash equivalents at beginning of the year	20	11,259	12,404
Cash and cash equivalents at end of the year	20	6,688	11,259

Notes to the Accounts

1. Statement of accounting policies and estimation techniques

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

Basis of preparation

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

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

Transition to the 2015 FE HE SORP

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

An explanation of how the transition to the 2015 FE HE SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the College is provided in note 28.

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

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

- Revaluation as deemed cost – at 1st August 2014, the College has retained the carrying values of freehold properties as being deemed cost and measured at fair value.
- Lease incentives – the College has continued to recognise the residual benefits associated with lease incentives on the same basis as that applied at the date of transition.
- The College has taken advantage of the exemptions provided in FRS 102 1.12 and the 2015 FE HE SORP 3.3, and has not included a separate statement of its own cash flows. These cash flows are included within the Consolidated Statement of Cash Flows, and the College balance sheet discloses cash at both the current and preceding reporting dates.

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiaries, bksb Limited, Vision Apprentices Limited, Vision Business Support Services Limited, Vision Workforce Skills Limited, Safety Plus Training and Consultancy Limited and Safety Plus Construction Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have been consolidated because the College exercises control over those activities. All financial statements are made up to 31 July 2016.

Going concern

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

The College currently has £15.5m of loans outstanding with bankers on terms negotiated in 2012. The loan facilities are subject to negative pledge and are for a further 21 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.

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

Recognition of income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

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

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

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

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

Accounting for post-employment benefits

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

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

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

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

Short term Employment benefits

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

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by 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 in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Non-current Assets - Tangible fixed assets

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

Land and buildings

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

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

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

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

Equipment

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

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

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

Borrowing costs

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

Leased assets

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

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

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

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

Investments

Investments in subsidiaries

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

Other investments

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

Inventories

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

Cash and cash equivalents

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

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

Financial liabilities and equity

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

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

Foreign currency translation

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

Taxation

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 2% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.
The College's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

Provisions and contingent liabilities

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

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

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

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

Agency arrangements

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

  The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 July 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Funding body grants

	Year ended 31 July		Year ended 31 July	
	2016	2016	2015	2015
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent grants				
Skills Funding Agency	5,153	5,153	7,303	7,303
Education Funding Agency	15,470	15,470	15,965	15,965
Higher Education Funding Council	482	482	495	495
Specific grants				
Skills Funding Agency	19,950	19,950	18,132	18,132
Releases of government capital grants	244	244	250	250
HE grant	-	-	139	139
Total	**41,299**	**41,299**	**42,284**	**42,284**

3 Tuition fees and education contracts

	Year ended 31 July		Year ended 31 July	
	2016	2016	2015	2015
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	24	24	27	27
Apprenticeship fees and contracts	351	40	481	92
Fees for FE loan supported courses	779	779	713	713
Fees for HE loan supported courses	2,287	2,287	2,215	2,215
Other students fees	530	530	425	425
Total tuition fees	3,971	3,660	3,865	3,476
Education contracts	493	493	609	609
Total	**4,464**	**4,153**	**4,474**	**4,085**

4 Other grants and contracts

	Year ended 31 July		Year ended 31 July	
	2016	2016	2015	2015
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Erasmus	180	180	-	-
UK-based charities	-	-	-	-
European Commission	29	29	7,591	7,591
Other grants and contracts	31	31	-	-
Total	**241**	**241**	**7,591**	**7,591**

5 Other income

	Year ended 31 July		Year ended 31 July	
	2016	2016	2015	2015
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	413	413	403	403
Other income generating activities	3,852	2,396	3,671	2,446
Other grant income	24	24	28	28
Miscellaneous income	74	74	7	7
Total	**4,362**	**2,906**	**4,109**	**2,883**

6 Investment income

	Year ended 31 July		Year ended 31 July	
	2016	2016	2015	2015
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other interest receivable	58	46	51	40
Total	**58**	**46**	**51**	**40**

7 Donations – College only

	2016	2015
	£'000	£'000
Unrestricted donations	-	-
Total	-	-

8 Staff costs – Group and College

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

	2016	2015
	No.	No.
Teaching staff	332	362
Non-teaching staff	467	480
	799	842

Staff costs for the above persons

	2016	2015
	£'000	£'000
Wages and salaries	21,972	21,897
Social security costs	1,411	1,506
Other pension costs	3,187	3,053
Payroll sub total	**26,570**	**26,456**
Contracted out staffing services	10	132
Total Staff costs	**26,580**	**26,588**

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Post Holders which comprises the Principal, and Deputy Principals. Staff costs include compensation paid to key management personnel for loss of office.

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

	2016	2015
	No.	No.
The number of key management personnel including the Accounting Officer was:	4	3

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

	Key management personnel		Other staff	
	2016	2015	2016	2015
	No.	No.	No.	No.
£60,001 to £70,000 p.a.	-	-	4	4
£70,001 to £80,000 p.a.	1	-	2	2
£80,001 to £90,000 p.a.	-	-	-	-
£90,000 to £100,000 p.a.	1	2	1	2
£100,000 to £110,000 p.a.	-	-	1	-
£120,000 to £130,000 p.a.	1	-	-	-
£240,000 to £250,000 p.a.	-	1	-	-
£270,001 to £280,000 p.a.	1	-	-	-
	4	3	8	8

Key management personnel emoluments are made up as follows:

	2016	2015
	£'000	£'000
Salaries	515	432
Benefits in kind	9	8
	524	440
Pension contributions	28	25
Total emoluments	552	465

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

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

	2016	2015
	£'000	£'000
Salaries	275	245
Benefits in kind	4	3
	279	248
Pension contributions	-	3

9 Other operating expenses

	2016	2016	2015	2015
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	16,481	16,481	15,439	15,448
Non-teaching costs	3,955	3,669	11,233	10,971
Premises costs	1,427	1,491	1,487	1,871
Total	**21,863**	**21,641**	**28,159**	**28,289**

Other operating expenses include:	**2016**	**2015**
	£'000	**£'000**
Auditors' remuneration:		
Financial statements audit*	39	36
Internal audit**	30	30
Other services provided by the financial statements auditor	12	12
Other services provided by the internal auditors	13	3
Losses on disposal of non-current assets	6	-
Hire of assets under operating leases	18	18

* includes £34,000 in respect of the College (2014/15 £30,000)

** includes £23,000 in respect of the College (2014/15 £24,000)

10 Interest and other finance costs – Group and College

	2016	2015
	£'000	£'000
On bank loans, overdrafts and other loans:	695	724
	695	724
On finance leases	-	-
Pension finance costs (note 25)	555	597
Total	**1,250**	**1,321**

11 Taxation – Group only

	2016	2015
	£'000	£'000
United Kingdom corporation tax at 20 per cent	59	(15)
Total	**59**	**(15)**

12 Tangible fixed assets (Group)

	Land and buildings		Equipment	Assets in the course of construction	Total
	Freehold	Long leasehold			
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2015	49,059	-	14,557	295	63,911
Additions	387	-	815	4,943	6,145
Transfers	60	-	24	(84)	-
Disposals	(538)	-	-	-	(538)
At 31 July 2016	**48,968**	-	**15,396**	**5,154**	**69,517**
Depreciation					
At 1 August 2015	6,994	-	13,135	-	20,130
Charge for the year	938	-	847	-	1,785
Asset Impairment	363	-	-	-	363
Elimination in respect of disposals	(216)	-	-	-	(216)
At 31 July 2016	**8,079**	-	**13,982**	-	**22,061**
Net book value at 31 July 2016	**40,888**	-	**1,414**	**5,154**	**47,456**
Net book value at 31 July 2015	42,064	-	1,422	295	43,781

12 Tangible fixed assets (College only)

	Land and buildings Freehold	Land and buildings Long leasehold	Equipment	Assets in the course of construction	Total
	£'000	£'000	£'000		£'000
Cost or valuation					
At 1 August 2015	49,059	-	14,026	295	63,680
Additions	387	-	815	4,946	6,145
Transfers	60	-	24	(84)	-
Disposals	(538)	-	-	-	(538)
At 31 July 2016	**48,968**	-	**14,865**	**5,154**	**68,986**
Depreciation					
At 1 August 2015	6,994	-	12,687	-	19,681
Charge for the year	938	-	806	-	1,743
Asset Impairment	363	-	-	-	363
Elimination in respect of disposals	(216)	-	-	-	(216)
At 31 July 2016	**8,079**	-	**13,493**	-	**21,572**
Net book value at 31 July 2016	**40,888**	-	**1,372**	**5,154**	**47,414**
Net book value at 31 July 2015	42,065	-	1,339	295	43,698

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

13 Non-current investments

	College 2016 £'000	College 2015 £'000
Investments in subsidiary companies	89	89
Total	**89**	**89**

The College owns 100 per cent of the issued ordinary £1 shares of bksb Limited, a company incorporated in England and Wales, 100 per cent of the issued ordinary £1 shares of Safety Plus Training and Consultancy Limited, a company incorporated in England and Wales, 100 per cent of the issued ordinary £1 shares of Safety Plus Construction Limited, a company incorporated in England and Wales, 100 per cent of the issued ordinary £1 shares in Vision Workforce Skills Limited, a company incorporated in England and Wales, 100 per cent of the issued ordinary share £1 shares of Vision Apprentices Limited, a company incorporated in England and Wales and 100 per cent of the issued ordinary £1 shares of Vision Business Support Services Limited, a company incorporated in England and Wales.

The principal business activity of bksb Limited is to provide the commercial development of bksb educational software products. The principal activity of Vision Business Support Services Limited is the provision of back office services. Safety Plus Training and Consultancy, Safety Plus Construction and Vision Workforce Skills Limited did not actively trade during the period.

14 Debtors

	Group 2016 £'000	College 2016 £'000	Group 2015 £'000	College 2015 £'000
Amounts falling due within one year:				
Trade receivables	1,878	555	1,981	863
Amounts owed by group undertakings:				
Subsidiary undertakings	-	4,796	-	4,685
Prepayments and accrued income	862	813	2,922	2,883
Deferred tax assets	6	-	4	-
Amounts owed by the Skills Funding Agency	589	589	-	-
Total	**3,335**	**6,753**	**4,906**	**8,432**

16 Creditors: amounts falling due within one year

	Group 2016 £'000	College 2016 £'000	Group 2015 £'000	College 2015 £'000
Bank loans and overdrafts	739	739	739	739
Trade payables	584	571	846	751
Amounts owed to group undertakings:				
Subsidiary undertakings	-	96	-	41
Corporation tax	43	-		
Other taxation and social security	722	462	658	468
Accruals and deferred income	8,905	6,338	12,024	9,537
Deferred income - government capital grants	531	531	244	244
Amounts owed to the [Skills Funding Agency/EFA]	3,006	3,006	3,858	3,858
Total	**14,529**	**11,742**	**18,370**	**15,639**

17 Creditors: amounts falling due after one year

	Group 2016 £'000	College 2016 £'000	Group 2015 £'000	College 2015 £'000
Bank loans	14,783	14,783	15,522	15,522
Accrual and deferred income	116	116	-	-
Deferred income - government capital grants	13,037	13,037	11,000	11,000
Total	**27,936**	**27,936**	**26,522**	**26,522**

18 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:	Group 2016 £'000	College 2016 £'000	Group 2016 £'000	College 2016 £'000
In one year or less	739	739	739	739
Between one and two years	739	739	739	739
Between two and five years	9,313	9,313	2,217	2,217
In five years or more	4,731	4,731	12,566	12,566
Total	**15,522**	**15,522**	**16,261**	**16,261**

Bank loans at 4.38 per cent and 4.41 per cent repayable by instalments falling due between 1 August 2012 and 31 July 2035 totalling £15,522,000, are secured through a negative pledge of the College.

19 Provisions

	Group and College				
	Defined benefit obligations	Restructuring	Enhanced pensions	Dilapidations	Total
	£'000	£'000	£'000	£'000	£'000
At 1 August 2015	15,076	-	903	511	**16,490**
Expenditure in the period	-	-	(65)	(169)	**(234)**
Additions in period	8,612	-	52	-	**8,664**
At 31 July 2016	**23,688**	**-**	**890**	**342**	**24,920**

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

The dilapidations provision relates to the legal obligations to carry out remedial works at a number of leasehold buildings.

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:

	2016	2015
Price inflation	3.74%	3.74%
Discount rate	2.5%	2.5%

20 Cash and cash equivalents

	At 1 August 2015	Cash flows	Other changes	At 31 July 2016
	£'000	£'000	£'000	£'000
Cash and cash equivalents	11,259	(4,571)	-	6,688
Total	**11,259**	**(4,571)**	**-**	**6,688**

21 Capital and other commitments

	Group and College	
	2016	2015
	£'000	£'000
Commitments contracted for at 31 July	2,780	403

22 Lease obligations

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

	Group and College	
	2016	2015
	£'000	£'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	82	189
Later than one year and not later than five years	-	26
Later than five years	-	-
	82	216
Other		
Not later than one year	31	41
Later than one year and not later than five years	-	30
Later than five years	-	-
	31	71

23 Contingent liabilities

There were no contingent liabilities as at 31 July 2016.

24 Events after the reporting period

There are no events after the reporting period

25 Defined benefit obligations

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

GROUP

Total pension cost for the year		**2016**		**2015**
		£000		**£000**
Teachers' Pension Scheme: contributions paid		1,379		1,273
Local Government Pension Scheme:				
Contributions paid	1,128		1,183	
FRS 102 (28) charge	1,063		630	
Charge to the Statement of Comprehensive Income		3,570		3,086
Enhanced pension charge to Statement of Comprehensive Income		-		-
Total Pension Cost for Year within staff costs		**3,570**		**3,086**

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

Contributions amounting to £302,000 were payable to the scheme at 31st July and are included within creditors.

Teachers' Pension Scheme

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

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

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

Valuation of the Teachers' Pension Scheme

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

- New employer contribution rates were set at 16.48% of pensionable pay (including administration fees of 0.08%);
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay.

The new employer contribution rate for the TPS was 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 commenced on 1 April 2015.

The pension costs paid to TPS in the year amounted to £1,379,000 (2015: £1,273,000)

FRS 102 (28)

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Nottinghamshire County Council Local Authority. The total contributions made for the year ended 31 July 2016 were £1,591,000, of which employer's contributions totalled £1,071,000 and employees' contributions totalled £520,000. The agreed contribution rates for future years are 11.0% for employers and range from 5.5% to 12.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2016 by a qualified independent actuary.

	At 31 July 2016	At 31 July 2015
Rate of increase in salaries	4.4%	4.5%
Future pensions increases	2.2%	2.7%
Discount rate for scheme liabilities	2.6%	3.8%
Inflation assumption (CPI)	2.2%	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 2016	At 31 July 2015
	years	years
Retiring today		
Males	22.1	22.1
Females	25.3	25.2
Retiring in 20 years		
Males	24.4	24.2
Females	27.7	27.6

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

	Long-term rate of return expected at 31 July 2016	Fair Value at 31 July 2016 £'000	Long-term rate of return expected at 31 July 2015	Fair Value at 31 July 2015 £'000
Equity instruments	7.0%	22,791	6.0%	21,827
Debt instruments	7.0%	3,477	6.0%	3,059
Property	7.0%	4,233	6.0%	3,369
Cash	7.0%	572	6.0%	978
Other	7.0%	1,231	6.0%	861
Total market value of plan assets		**33,329**		**30,094**
Weighted average expected long term rate of return	**7.0%**		**6.0%**	
Actual return on plan assets		**2,375**		**2,653**

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

	2016	2015
	£'000	£'000
Fair value of plan assets	33,329	30,094
Present value of plan liabilities	(57,145)	(45,239)
Net pensions (liability)/asset	(23,816)	(15,145)

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

	2016	2015
	£'000	£'000
Amounts included in staff costs		
Current service cost	2,191	1,859
Past service cost	-	-
Total	2,191	1,859
Amounts included in investment income		
Net interest income	555	597
	555	597
Amount recognised in Other Comprehensive Income		
Return on pension plan assets	1,087	1,401
Experience losses arising on defined benefit obligations	-	89
Changes in assumptions underlying the present value of plan liabilities	(8,140)	(1,843)
Amount recognised in Other Comprehensive Income	(7,053)	(353)

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

	2016 £'000	2015 £'000
Net defined benefit (liability)/asset in scheme at 1 August	(15,133)	(13,519)
Movement in year:		
Current service cost	(2,191)	(1,859)
Employer contributions	1,119	1,183
Past service cost	(14)	-
Net interest on the defined (liability)/asset	(555)	(597)
Actuarial gain or loss	(7,030)	(341)
Net defined benefit (liability)/asset at 31 July	**(23,804)**	**(15,133)**

Asset and Liability Reconciliation

Changes in the present value of defined benefit obligations	2016 £'000	2015 £'000
Defined benefit obligations at start of period	45,239	40,094
Current service cost	2,191	1,859
Interest cost	1,718	1,760
Contributions by Scheme participants	557	555
Experience gains and losses on defined benefit obligations	-	89
Changes in financial assumptions	8,126	1,843
Estimated benefits paid	(700)	(783)
Past Service cost	14	-
Curtailments and settlements	-	-
Defined benefit obligations at end of period	**57,145**	**45,239**

Changes in fair value of plan assets

Fair value of plan assets at start of period	30,106	26,575
Interest on plan assets	1,163	1,163
Return on plan assets	1,096	1,413
Employer contributions	1,119	1,183
Contributions by Scheme participants	557	555
Estimated benefits paid	(700)	(783)
Fair value of plan assets at end of period	**33,341**	**30,106**

26 Related party transactions

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

The total expenses paid to or on behalf of the Governors during the year was £1,000; 5 governors (2015: £1,900; 7 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

The Inspire & Achieve Foundation – a registered charity of which Dame Asha Khemka DBE, College Chief Executive and Principal is a trustee. Sales transactions in the year amounted to £1,924 (2015: £1,410). The outstanding balance at the year-end was £23,831 (2015: £29,831)

Birchwood Innovations – a property consultancy for whom Richard Ian Baggaley, a College Governor, is a Director. Purchase transactions in the year amounted to £nil (2015: £106,676) relating to leasehold property surrender and completion. Balance at year end of £nil (2015: £nil).

T J Clarke – Consultancy services – Mr Clarke is a Governor of the College and chair of bksb. Consultancy services provided in the year amounted to £8,000 (2015: £8,000).

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

27 Amounts disbursed as agent

Learner support funds

	2016 £'000	2015 £'000
Funding body grants – bursary support	180	291
Funding body grants – discretionary learner support	885	992
Funding body grants – residential bursaries	-	-
Other Funding body grants	-	-
Interest earned	-	-
	1,064	1,283
Disbursed to students	(1,069)	(1,012)
Administration costs	(53)	(52)
Balance unspent as at 31 July, included in creditors	120	445

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

28 Transition to FRS 102 and the 2015 FE HE SORP

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

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

	Note	1st August 2014		31st July 2015	
		Group	College	Group	College
		£'000	£'000	£'000	£'000
Financial Position					
Total reserves under previous SORP		(221)	4,928	(832)	3,919
Employee leave accrual	(a)	(614)	(599)	(654)	(634)
Deferred taxation		48	-	72	-
Total effect of transition to FRS 102 and 2015 FE HE SORP		(566)	(599)	(582)	(634)
Total reserves under 2015 FE HE SORP		(786)	4,329	(1,414)	3,285

	Note	Year ended 31st July 2015	
		Group	College
		£'000	£'000
Financial performance			
Surplus for the year after tax under previous SORP		208	206
Release of non-government grants received		-	-
Reversal of capital grants amortisation		-	-
Deferred tax movement		15	-
Holiday pay accrual movement	(a)	(40)	(36)
Changes to measurement of net finance cost on defined benefit pension plans	(b)	(470)	(455)
Pensions provision – actuarial loss	(b)	(340)	(759)
Total effect of transition to FRS 102 and 2015 FE HE SORP		(835)	(1,250)
Total comprehensive income for the year under 2015 FE HE SORP		(627)	(1,044)

a) Recognition of short term employment benefits

No provision for short term employment benefits such as holiday pay was made under the previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. The annual leave year runs to 31st August each year for both teaching and non-teaching staff meaning that, at the reporting date, there was an average of 6.18 days unused leave for staff. In addition, certain employees are entitled to carry forward up to 5 days of any unused holiday entitlement at the end of the leave year. The cost of any unused entitlement is recognised in the period in which the employee's services are received. An accrual of £0.614 million was recognised at 1 August 2014, and at 31 August 2015. Following a remeasurement exercise in 2015/16, the movement on this provision of £0.040 million has been charged to Comprehensive Income in the year ended 31 July 2016.

b) Presentation of actuarial gains and losses within Total Comprehensive Income

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