West
Nottinghamshire
College Group

WEST NOTTINGHAMSHIRE COLLEGE

Annual Report and Consolidated Financial Statements

Year ended 31 July 2021

CONTENTS

Reference and Administrative Details

Board of Governors

A full list of Governors is provided on pages 15-16 of these financial statements.

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

Key Management Personnel

Andrew Cropley	Principal and CEO; Accounting officer
Matt Vaughan	Vice Principal Curriculum and quality
Jon Fearon	Director of Finance
Louise Knott	Vice Principal, Communications, Engagement and Student Experience

Professional advisers

Financial statements auditor and reporting accountants:

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

Internal auditor:

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

Bankers:

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

Solicitors:

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

STRATEGIC REPORT

The governing body presents their annual report together with the consolidated financial statements and auditor's report for West Nottinghamshire College for the year ended 31 July 2021.

Legal status

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

Mission

In 2020/21 the College focused on achieving the key milestones in its long term recovery plan; the Governors have agreed on a new three year rolling Strategic Plan for 2020 to 2023 to support this, this was updated in October 2020. It sets out the Mission, Vision, Values, Strategic Aims and Strategic Objectives as follows:

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

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

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

OBJECTIVES AND STRATEGIES

Strategic Aims

AIM 1: LEARNERS

We will encourage and inspire our learners to aim high in life and at work and equip them to achieve these ambitions

AIM 2: EMPLOYEES

We will equip our staff to enable our learners to reach their full potential

AIM 3: EMPLOYERS

We will work with local employers to provide our learners with the skills they need today and those that will help them thrive in the future

AIM 4: COMMUNITIES

We will be a significant force for raising aspirations throughout the communities we serve

AIM 5: FINANCES

We will sustain the financial strength required to deliver high-quality services in response to new challenges

AIM 6: INFRASTRUCTURE

We will continue to invest in efficient and well-managed facilities, systems and resources to support outstanding learning.

Strategic Objectives 2021-22

Consider the impact of the ASPIRE Curriculum on those students who have been with us throughout its two years and review accordingly.
Fully implement the curriculum strategy in partnership with employers and other partners.
Increase by 10% the proportion of students meeting their target grades year-on-year.
Achieve an Ofsted grade and/or Self-Assessment grade of "Good", with "Outstanding in at least four of the eight Aspects/Provision Types and none assessed as "Requires Improvement".
Improve apprenticeship achievement by 10% year on year.
70% of 16-18 year olds enrolled in GCSE English and Maths improve by at least one grade and 33% by at least two grades.
Increase the proportion of students progressing to Level 4 or above programmes (including apprenticeships) by 10% year-on-year.
Implement fully the Employer Engagement Strategy to support the College's vision.
Implement employability framework so that 100% of 16-18 learners have met basic standards and 85% of 16-18 year olds have met good team member standards and 40% have met great employee standards by the academic year end.
Increase the number of adults directly developing their skills with College or strategic partners by 10% year-on-year.
Deploy 90% of our AEB allocation to learners with addresses in D2N2 and 70% to learners with addresses in Mansfield and Ashfield districts.
Meet our key financial targets relating to staff cost, operating surplus, EBITDA, cash balances and bank covenants.
Managers at all levels develop into high-quality performance leaders.
All teachers take up purposeful training upskill them to provide teaching that enables their students to excel.
Achieve a rating for 'Overall Satisfaction' in the staff survey of 96%.
Secure external funding to enable targeted investment in facilities and equipment offered by the College to its students.
Develop and implement the technology-enhanced learning strategy to build on the experience gained through the COVID-19 crisis.
Complete those estates works identified in the College's condition surveys.

Resources

The college employs 719 people, of whom 249 are teaching staff.

The college's student population includes 3,006 16-to-18-year-old students, 1,552 apprentices and 1,491 adult learners.

The college has £26.4m (2019/20 £.8.6m) of net assets excluding defined benefit pension liabilities of £44.6m (2019/20 £49.5m). Including these pension liabilities the College has a net liability of 18.2m (2019/20: £40.9m). Long-term debts as at 31 July 2021 were £1.7m (2019/20: £11.8m).

Tangible resources include the College's 4 main operational sites, the building and equipment is valued at £34.8m, and 3 buildings sublet to Nottingham Trent University are valued as investment assets at £3.1m. There was £5.7m in short term deposits as at 31 July 2021; which is the working capital of the College.

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

Financial health

In 2020/21, the College returned to 'good' financial health, having fully completed a three-year recovery programme. The College has achieved a number of important milestones:

- Our core activity of providing education to young people and adults for the last three years has demonstrated that it is a sustainable operation, generating a surplus of cash to reinvest in our operations and pay down debt.
- Our activity with young people has grown significantly as we have developed new offers and maintained the quality of our offer.
- We have disposed of all non-core assets, allowing a restructuring of debt and leaving a low level of sustainable longer-term debt in place. This included the sale of BKSB Ltd, a wholly-owned subsidiary.
- We have maintained a strong cash position whilst still making investments in our operations; this has been enhanced by support from the D2N2 Local Enterprise Partnership for our engineering provision.
- We have restructured our estate, completing the first stage of our plan to ensure that we have the right mix of space to meet local needs.
- We have opened a new sixth form centre site, which has seen strong growth in recruitment in September 2021.
- We have leased over 4,000m2 of space to Nottingham Trent University, creating a new investment income which will, over time, provide further funds to reinvest in our provision.

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

COVID-19 impacted the Colleges operations in 2020/21 resulting in:

- Increased operational cost to support testing, maintain staffing during periods of increased absence and due to the cost of implementing COVID-19 save working environments.
- The level of activity that we undertook with adults was significantly reduced, due to the inability to start planned programmes due to COVID-19 restrictions. The College has only recognised the grant receivable from the ESFA and will repay £2.4m in 2022; this represents approximately one-third of our activity.

Our partnership with Nottingham Trent University has allowed the University to create a Mansfield-based University Campus, including a School of Nursing. This will have a significant positive economic impact on our local community.

As a consequence of this development, part of our estate has been reclassified as an investment asset, reflecting the level of rental income that the College generates as landlord.

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

The College is currently:

- Undertaking a £1.1m ESFA-funded Strategic Development Fund project to reshape provision to meet the needs of local employers in engineering/automation.
- Developing an £8.5m Tech Centre in Mansfield with support from the Mansfield Towns Fund and is also seeking support from the ESFA.
- Developing projects with Ashfield District Council's Towns Fund to meet the training need in construction and automation.

Financial objectives

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

- met all its banking covenants;
- returned to a Financial Health score of 'Good', an improvement from 2019/20's 'Requires Improvement'. This has been attained through positive cash flows from our operations and the sale of BKSB Ltd, allowing the repayment of all short term debt and partial repayment of long term debt;
- grew the local apprenticeship market and 16 to 18 activity; and
- The College generated an EBITDA of £3.7m, or £2.6m excluding discontinued operations.

Stakeholders

West Nottinghamshire College has many stakeholders, including:

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

DEVELOPMENT AND PERFORMANCE

Financial results

The Group Statement of Comprehensive Income for the financial year reports total comprehensive income of £22.37m (2019/20: deficit of £16.06m) impacted by:

- a significant actuarial gain of £7.15m (2019/20: £18.05m loss) within the defined benefit pension liability;
- profit on the disposal of BKSB £17.3m; and

- loss on revaluation of property assets to reflect their movement to investment assets (£4.04m), offset against an additional release of £2.6m of deferred capital grants.

The Group generated a surplus before other gains of £2.0m (2019/20: deficit of £2.05m) before other gains and losses, with total income of £37.21m (2019/20: £34.64m).

Group staff costs in 2020/21 rose in year to £23.23m (2019/20: £20.84m). The key reasons for this are 16 to 18 additional teaching funded by the COVID-19 tuition fund, a substantial increase in directly delivered activity by the College due to 16 to 18 growth and increased Adult provision.

The College's key financial measure is Education Sector EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) which provides a good measure of ongoing operational performance. The table below shows EBITDA for the Group and then the College performance is excluding discontinued operations.

EBITDA	**20/21**	**19/20**
	£'000	**£'000**
Total Comprehensive Income for the year	22,366	(16,075)
add back :		
Depreciation & Impairment (note 12)	1,868	1,957
Revaluation of investment properties	4,042	-
Interest paid (note 10)	349	575
FRS102 Actuarial loss in respect of pensions schemes (note 25)	-	18,046
FRS 102 pension interest (note 10)	759	605
FRS 102 Service Cost (note 25)	1,682	1,293
Increase in Enhanced Pension Provision (note 19)	90	3
less :		
Release of deferred capital grant (note 2)	(2,989)	(728)
Profit on disposal of assets	(17,303)	-
FRS102 Actuarial gain in respect of pensions schemes (note 25)	(7,146)	-
Interest received (note 6)	1	(45)
Education Sector EBITDA	3,719	5,631
	10.0%	16.7%
Education Sector EBITDA excluding discontinued operations	2,558	3,033
	7.3%	9.9%

The sector target is to achieve an Education Sector EBITDA of 8%+ of turnover. The Group generated an EBITDA surplus of £3.7m, 10.0% (2019/20 surplus of £5.6m) while the continuing operations of the College excluding BKSB Ltd generated an EBITDA surplus of £2.6m, 7.3% (2019/20 surplus of £3m, 9.9%). Although marginally below the 8% sector target, this demonstrates a strong sustainable performance for the College, which has generated funds for reinvestment in the curriculum.

Impact of COVID-19

During 2020/21 the College benefited from a number of areas of COVID-19 support from the ESFA. This included Tuition Funds to provide catch up support for learners, partial contribution to the costs of COVID-19 testing and retention of an additional £0.4m of Adult Education funding. However the College incurred significant additional costs in cleaning / COVID-19 safety measures, testing, purchase of IT and covering staff absence, due to COVID-19, particularly impacted the ability of the College to generate funding for Apprentices and Adult Education.

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

Reserves

The Group has significantly improved its negative reserves position in 2020/21 to -£18.6m (2019/20: -£40.9m) total unrestricted reserves. Accumulated Income and Expenditure reserves of £22.1m (2019/20: £4.6m) excluding defined benefit pension liabilities of £44.6m (2019/20: £49.5m). This strong improvement in reserves is from ongoing surpluses from operations and the sale of BKSB Ltd.

Cash and Debt

The Group has cash and short term investment balances of £5.62m (2019/20: £6.68m). The College is seeking to build its cash balance as at 31 July to £6m by 2024. Cash flow varies across the year with March/April being the low point for cash balances. The College seeks to maintain a cash balance in March of £4m. This level of cash holding would provide a strong safety net for the College should there be a change from the current operations.

During the year short term loans due within one year reduced substantially to £0.24m (2019/20: £0.73m). Long term loans are for a facility up to May 2028 and this has also reduced substantially to £1.7m (2019/20: £11.8m).

All Exceptional Funding Support from the ESFA has been fully repaid as have all liabilities that relate to years prior to 2020/21.

Developments

Tangible fixed asset additions during the year amounted to £1.9m (2019/20: £0.3m) of which £0.8m is Grant Funded. The College benefitted from a £1.3m FECA (Further Education Capital Allocation) grant from the ESFA, of which £0.88m has been spent on improving the condition of the College's buildings (£0.12m capitalised); and a £0.67m grant from the D2N2 LEP for the new Automation and Robotics Centre.

Sources of income

The Group has significant reliance on the education sector funding bodies for its principal funding source, mainly from recurrent grants. In 2020/21 the FE funding bodies provided 84% (2019/20: 79%) of the Group's total income.

Group companies

The College has one live subsidiary company, Vision Business Support Services Ltd. (VBSS), which traded throughout the year, its sole purpose is to provide seconded staff that provide support services to the College. During the year one subsidiary – BKSB Ltd. – was sold. The principal activity of BKSB Ltd was the commercial development of functional skills and GCSE assessment software product serving the educational market. The sale of this subsidiary was a key part of the College's recovery plan and the proceeds enabled significant repayment of debt to the ESFA and Lloyds.

Surpluses generated by the trading subsidiaries are transferred to the College under a deed of covenant to the extent that this does not result in a distribution of reserves. In the current year, the surpluses generated were £1,161k (2019/20: £1,602k) for BKSB Limited (up to point of sale in April 2021) and a surplus of £81k (2019/20: £43k) for Vision Business Support Services Limited.

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

Student achievements

Overall achievement of students of any age and all classroom-based courses was 86%, a total of 3% below the most recent weighted national rate of 89% (from 2018/19) and a decrease of 4% on the previous year.

Taking all qualifications studied by learners into account, the overall achievement of learners aged 16-18 was 87% and 1% below the most recent weighted national rate of 88% and the 2% below the previous year of 89%.

While the overall achievement of adults at 86% was below the most recent weighted national rate of 89%, this was a decline on the previous year of 7%.

COVID-19 had an impact on the achievement of students of all age groups.

Most priority groups of targeted learners fared well in comparison to the most recent GFE rate (2018/19), with 'non-white British' and 'Looked After Learners' being the only groups below the GFE rate (2018/19), both at 4% below. In comparison to the previous year, achievement rates for learners with a disability declined by 1%, non-white British declined the most by 7% and 19+ ALS declined by 2%.

A-level learners continue to perform well and, as a result of the 99.2% pass rate, the majority progressed to their first choice of University place. There was an increase in A*-B grades to 56.3% from 44.1%. The proportion of A-level learners who achieved A*-C grades rose to 82.3% from 76.8%.

There has been steady improvement in the quality of apprenticeships provision, but improvement has not been as swift as curriculum leaders would have wished; there is a time lag between improved performance and improvements to data. The all ages overall achievement rate is at 52.4%. This is 14.3% below the most recent national rate; and broadly similar to that of 2019/20. There needs to be a far better timely achievement by apprentices as timely achievement has declined by 6.8% upon the previous year. The data has been significantly impacted upon by COVID-19 with apprentices being furloughed, delays to assessments and the closure of face-to-face learning from January to March 2021.

Following the introduction of Apprenticeship Standards, 97.6% of apprentices following these programmes passed their EPA (End Point Assessment) with 54.7% gaining high-grade achievement. September 2020 'actual destinations' evidences the vast majority of apprentices who left their training with the College continued in employment with their employer.

The continued investment and changes to the English and Maths curriculum this year built on the improvements in GCSE performance. A total of 26% GCSE English (16-18) learners achieved high grades which is a 5% improvement on the previous year. A total of 63% of 19+ learners achieved high grades, which is a 5% improvement upon the previous year. There was a greater improvement in learners' performance in Maths. A total of 35% GCSE Maths (16-18) learners achieved high grades which is a 16% improvement on the previous year and a total of 72% of 19+ learners achieved high grades, which is a 21% improvement upon the previous year.

A total of 16% (16-18) English GCSE learners improved by two grades or more, which is an improvement of 7% on the previous year. A total of 23% (16-18) math GCSE learners improved by two grades or more, which is an improvement of 19% on the previous year.

A total of 33% (19+) Maths GCSE learners improved by two grades or more, which is an improvement of 26% on the previous year. A total of 20% (19+) English GCSE learners improved by two grades or more, which is an improvement of 6% on the previous year.

Staff Engagement

Staff engagement and morale are significantly improved. Responses to the annual staff survey in 2021 showed further improvements from 2020. Staff have also been actively involved in the development of the strategic plan, Business Improvement Projects and the self-assessment process.

Marketing and Learner Engagement

- The College's market share for year 11 school leavers within Ashfield and Mansfield remain strong.
- The College is on track in 2021/22 to meet it's 16 to 18 funding target.

FUTURE PROSPECTS

Future Development

The College has worked in partnership to support Nottingham Trent University (NTU) to establish a campus on the College's Derby Rd site; the College has leased three buildings to NTU to create a substantial University presence, in 2021/22 NTU have expanded the operations of their Nursing School.

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

- The College is delivering a £1.1m Skills Accelerator project funded by the ESFA to support the development of local skills delivery in Automation and Robotics.
- Development of an £8m+ Tech Centre in Mansfield supported by Mansfield Towns Fund and currently seeking support from the ESFA Transformation Fund.
- Development of a new Construction Centre in Sutton in Ashfield in partnership with Ashfield Towns Fund, inspire learning and ATT Academies.
- Development of a Civil Engineering Site in Kirkby in Ashfield in partnership with Ashfield Towns Fund. Galliford Try, one of the UKs leading Construction businesses, is supporting the College to identify areas for skills development and providing work placement opportunities for learners.
- The College is also part of the project group along with Ashfield District Council and Nottingham Trent University developing an Advanced Distribution and Manufacturing Centre as part of the Ashfield Towns Fund.

Financial Plan

During 2020/21 the College continued its recovery and saw its Financial Health score improve from 'Requires Improvement' to 'Good'. The College Finance and Estates Committee oversee the financial performance of the College, with no further formal monitoring by the ESFA and FE Commissioner as the College has now fully repaid the £10.25m of Exceptional Financial Support (EFS) provided by the ESFA.

The College has set a budget for 2021/22 that provides a 7.5% target EBITDA and a further improvement to working capital. The ESFA provided no increase in the rates for funding in 2021/22 academic year, though looking forward the spending review post-COVID has indicated that the ESFA will start to fund inflationary increases from 2022/23.

Treasury policies and objectives

Treasury management is the management of the College's cash flows; its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. The College has a separate treasury management policy in place.

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

Cash flows and liquidity

Group cash inflow from operating activities of £1.8m in 2020/21 (2019/20: £3.5m) was primarily due to repayment of a number of creditors reducing the College's outstanding balances. During the year the sale of assets financed the full repayment of outstanding Emergency Financial Support (EFS) to the ESFA. The College also repaid £8.5m of bank debt which was secured against the repayment using the BKSB sale proceeds and new terms were negotiated on the remaining balance. As at 31 July 2021 the College had an outstanding debt of £1.93m over a 7-year term (2019/20: £13.39m).

A revolving credit facility (RCF) of £1m with Lloyds was available to the College at the start of 2020/21; this facility was unused and expired on 31 October 2020.

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

COVID-19 creates a number of new risks for the organisation, and a separate COVID-19 risk management register has been added. Significant risks relating to COVID-19 are linked to maintaining income, managing our learners experience, safety and increased costs.

The underlying principles of risk management are:

- The Corporation Board has responsibility for overseeing risk management within the College as a whole;
- The Corporation Board adopts an open and receptive approach to solving risk problems;
- The Principal and the senior management team support, advise and implement policies approved by the Corporation Board;
- The College makes prudent recognition and disclosure of the implications of risks;
- Senior and middle managers are responsible for encouraging good risk management practice within their designated managed area; and
- Key risk indicators will be identified and closely monitored.

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

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

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

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

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

- Managing the Impact of COVID-19 on staff, students and operating costs;
- Maintaining staffing in a competitive market; and
- Responding to high levels of growth in Apprenticeships, 16 to 18 provision and Adult Learning.

OTHER INFORMATION

Public Benefit

West Nottinghamshire College is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 15-16. In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. In delivering its mission, the College provides identifiable public benefits through the advancement of education to students and apprentices, including those with high needs. In addition to funds provided by the Government, the College uses its funds to support young people accessing and remaining in education. The College also uses its resources to support activities with 14 to 16 year olds by providing access to vocational delivery. Numerous local groups use the College's buildings in areas such as sport and the arts; the student population are actively engaged in raising funds for local charities and national charities such as Children in Need.

Equality

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

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

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

Disability statement

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

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

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

c. The College has made a significant investment in the appointment of specialist lecturers to support learners with learning difficulties and disabilities. There are several learner support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for learners who have learning difficulties and/or disabilities;

d. Specialists programmes are described in programme information guides, and achievements and destinations are recorded and published in the standard College format; and

e. Provides a range of counselling and welfare services to support students.

Trade Union facility time

	Period 1/4/2020 to 31/3/2021
Number of employees who were trade union representatives during the relevant period:	8 (Headcount) 5.6 (FTE)
Percentage of working hours spent on facility time:	
0%	
1-50%	8
51-99%	
100%	
Total cost of facility time:	£13,714
Total pay bill:	£185,243
Percentage of total bills spent on facility time:	0.06%
Time spent on paid trade union activities as a percentage of total paid facility time:	7.4%

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of an agreement to the contrary, requires organisations to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2020 to 31 July 2021, the College met that target other than explicit exceptions such as invoice disputes. The College incurred no interest charges in respect of late payment for this period.

Events after the end of the reporting period

None to report.

Disclosure of information to the auditor

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

Approved by order of the members of the Corporation on 16th December 2021 and signed on its behalf by:

Sean Lyons

Chair of the Corporation

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. In October 2018 the College was subject to formal intervention by the ESFA and FE Commissioner. The College has responded positively to this process and has made the following progress to allow the ESFA and FE Commissioner to remove intervention during the year:

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

In October 2020 the FE commissioner recognised that the College was making significant progress on the actions that were required to achieve the financial recovery of the College. On 16th June 2021 the ESFA formally ended financial intervention for the College.

This statement covers the period from 1 August 2020 to 31 July 2021 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

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

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

In the opinion of the Governors, the College complies with all the provisions of "the Code", and it has complied throughout the year ended 31 July 2021.

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

Governors serving on the College Board to 31 August 2021 (and attendance 2020/21 period)

Name of Governor	Date of Appointment/ Re-appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance during 2020/2021 only	
						Committee	Board
Andrew Cropley	11.06.2018	Principal & CEO		Principal & CEO	FE ST WFD	100% 100% 100%	100%
Paul Frammingham	25.10.2018	4 years Current term ends on 25.10.2022	18.11.2020	Independent Member	FE (Chair) R	100% 0%	50%
Jane Hawksford	22.11.2016	4 years Current term ends on 22.11.2020	16.09.2020	Staff Member (Support)	ST WFD	0% N/A	N/A
Melanie Stirland	01.08.2019	4 years Current term ends on 01.08.2023	17.11.2020	Staff Member (Academic)	ST	0%	100%
Andrew Spencer	15.10.2020	4 years Current term ends on 15.10.2024		Staff Member (Support)	ST WFD	100% 100%	100%
Beverly Whitefoot	11.02.2021	4 years Current term ends on 11.02.2025		Staff Member (Academic)	ST	100%	100%
Rebecca Joyce	25.10.2018	4 years Current term ends on 25.10.2022		Independent Member	A	100%	100%
Mary Mamik	25.10.2018	4 years Current term ends on 25.10.2022		Independent Member	ST (Chair) R (until Nov 2020)	100% 0%	57%
Neil McDonald	25.10.2018	4 years Current term ends on 25.10.2022		Independent Member	A (Chair) R	100% 100%	86%
Lee Radford	21.09.2017	4 years Current term ends on 21.09.2021	29.09.2020	Independent Member	WFD	N/A	0%
Kate Truscott	25.10.2018	4 years Current term ends on 25.10.2022		Independent Member Vice Chair, Corp. Board	WFD (Chair) ST	100% 67%	100%
Sardip Sandhu	25.10.2018	4 years Current Term ends on 25.10.2022		Independent Member Vice Chair, Corp. Board	A WFD	75% 100%	100%
Steve Sutton	25.10.2018	4 years Current Term ends on 25.10.2022		Independent Member	ST	33%	86%
Tony Westwater	25.10.2018	4 years Current Term ends on 25.10.2022		Independent Member	FE	100%	100%
Sean Lyons	31.01.2019	4 years as Chair Current Term ends on 31.01.2023		Chair, Corp. Board Since 31.01.19	R	100%	100%
Spencer Moore	01.08.2019	4 years Current term ends on 01.08.2023		Independent Member	ST	67%	86%
Charles Heaton	01.08.2019	4 years Current term ends on 01.08.2023		Independent Member	FE (Chair from Nov 20) R	100% 100%	100%
John Gray	20.04.2020	4 years Current term ends on 20.04.2024	11.02.2021	Independent Member	ST R	33% 100%	50%
Nathan Clements	15.10.2020	4 years Current term ends on 15.10.2024		Independent Member	WFD	100%	60%

Name of Governor	Date of Appointment/ Re-appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance during 2020/2021 only	
						Committee	Board
David Gillies	15.10.2020	4 years Current term ends on 15.10.2024		Independent Member	FE WFD	25% 50%	80%
Anna Teal	15.10.2020	4 years Current term ends on 15.10.2024	05.07.2021	Independent Member	A	0%	50%
Keith Spiers	15.10.2020	4 years Current term ends on 15.10.2024		Independent Member	-	N/A	100%
Angela Newton-Soanes	20.05.2021	4 years Current term ends on 20.05.2025		Independent Member	ST (Vice-Chair) R	100% 100%	0%
Ben Owen	15.07.2021	4 years Current term ends on 15.07.2025		Independent Member	ST	-	-
Andrea Morrissey	25.10.2018	4 years Current term ends on 25.10.2022	31.12.2020	Standards Committee Co-optee	ST (co-optee)	0%	N/A
Ann Treacy	15.10.2020	4 years Current term ends on 14.10.2024		Audit Committee co-optee	A	75%	N/A
Paul Frammingham	18.11.2020 (as co-optee)	2 years as co-optee Current term ends on 25.10.2022	11.03.2021	FE co-optee	FE (co-optee)	50%	N/A
Helen Wilcockson	26.06.2019	4 years Current term ends on 26.06.2023		WFD Staff Co-optee	WFD (co-optee)	100%	N/A
Ella Brookes	26.06.2019	4 years Current term ends on 26.06.2023		WFD Staff Co-optee	WFD (co-optee)	100%	N/A
Rebecca Chambers	15.10.2020	1 year Current term ends on 31.07.2021	08.03.2021	Student Governor	-	N/A	33%
Elliott Parker	15.10.2020	1 year Current term ends on 31.07.2021		Student Governor	-	N/A	83%
Joshua Charles	20.05.2021	1 academic year Current term ends on 31.07.2022		Student Governor	-	N/A	100%

Maxine Bagshaw acts as Clerk to the Corporation.
*denotes re-appointment
R = Remuneration; FE = Finance and Estates; A = Audit; ST = Standards; WFD = Workforce Development

Notwithstanding the comments made above, it is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation and Finance and Estates committee met each month to ensure regular oversight and scrutiny.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Finance and Estates, Standards, Remuneration, Workforce Development and Audit.

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

West Nottinghamshire College
Derby Road
Mansfield
Nottinghamshire, NG18 5BH

The Governance Framework

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

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

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

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

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

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole, on the advice of an agreed selection panel who conduct interviews. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years unless exceptional circumstances are identified by the Board in their search for appropriate skills and experience.

Corporation performance

The Corporation undertakes self-assessment annually. In 2020/21 this was completed over the summer with a formal report on outcomes and recommendations presented to the October 2021 board meeting. The year-end self-assessment process included individual review of its own performance by each committee, the completion of questionnaires, governor 1:1's with the Chairman and also an appraisal of the Chairman's performance. Every governor participated in the process.

Remuneration Committee

Throughout the year ending 31 July 2021, the College's Remuneration Committee comprised five members of the Corporation; these were the committee Chairs and the Chair of the board. The Committee's responsibilities are to make recommendations to the Board on the objectives, performance and remuneration and benefits of the Accounting Officer and other senior post holders and the Clerk to the Clerk to the Corporation.

Details of remuneration for the year ended 31 July 2021 are set out in Note 8 to the financial statements.

Audit Committee

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

The Audit Committee met five times in 2020/21 and attendance is provided in the table on p15-16. The Committee provides a forum for reporting by the College's internal auditor, reporting accountants and financial statements auditor, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee. The audit committee agree the scope of fieldwork planned before activity commences.

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

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

Finance and Estates Committee

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

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

Workforce Development Committee

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

Standards Committee

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

Internal control

Scope of responsibility

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. An effective system of internal control was in place in West Nottinghamshire College for the year ended 31 July 2021 and up to the date of approval of the Strategic Report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that the ongoing process for identifying, evaluating and managing the College's significant risks for the period ending 31 July 2021 and up to the date of approval of the annual report and accounts, was effective. This is evidenced by the significant improvement to the Colleges underlying performance and resolution of historical issues regarding funding.

The risk and control framework

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. 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 ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the audit committee. As a minimum, annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Statement from the Audit Committee

The Audit Committee has advised the board of governors that the corporation has an effective framework for governance and risk management in place. The Audit Committee believes the Corporation has effective internal controls in place.

The Audit Committee in 2020/21 and up to the date of the approval of the financial statements considered the following Internal Audit reviews:

Review	Final Report Date	Overall Assurance Level	Number of Issues Raised				
			R	A	G	B	Σ
Performance Management	04/06/21	Substantial	0	0	0	0	0
Budgetary Controls	03/02/21	Substantial	0	0	3	0	3
Payroll & Benefits	22/04/21	Substantial	0	0	0	0	0
HR Health Check	21/04/21	Substantial	0	0	2	0	2
16-19 Funding	07/09/21	Limited	0	4	2	0	6
Apprenticeships	06/09/21	Substantial	0	0	3	0	3
Learner Support	09/11/21	Substantial	0	0	1	0	1
Cyber Security HC	13/07/21	Adequate	0	5	1	0	6
Business Continuity	07/09/21	Substantial	0	2	2	1	5
BKSB	16/02/21	Adequate	0	1	1	0	2
Sub-Contract Certification	07/09/21	Materially Comply	-	-	-	-	5*
Follow Up	14/09/21	Substantial	-	-	-	-	
		Total	**0**	**12**	**15**	**1**	**33***

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

The Internal Auditor's Annual Report of 2020/21 provided the following to the Audit Committee which formed key part of their conclusion on controls.

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

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

The External Auditor identified no control issues during the 2020/21 audit.

Review of effectiveness

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

- the work of the internal auditor;
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework; and
- observations made by the College's financial statements auditor and the reporting accountant for regularity assurance in their management letters and other reports.

The Accounting Officer has been advised on the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and other sources of assurance. The Audit Committee concluded that the system of internal control for the year ended 31 July 2021 was effective. Action to address any weaknesses in the control environment has made substantial progress in the year.

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

Responsibilities under funding agreements

The College has materially complied with published guidance and the specifications within its funding agreements with the Education and Skills Funding Agency and Office for Students.

Going concern

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

The Group has recorded a surplus before other gains and losses of £2.0m for the year ended 31 July 2021. During the year the impact of COVID-19 on the financial position of the College was limited. In the 2020/21 academic year the forecasts for revenue have reflected a reduction in apprenticeship volumes and increased operating costs due to COVID-19. The Group had net current liabilities of £0.6m at the balance sheet date including £2.9m payable to the Education and Skills Funding Agency (ESFA). An unused revolving credit facility of £1 million expired in December 2020.

The Group has also made substantial progress in restoring financial health and the College was removed from intervention status by the ESFA on 16 June 2021 following repayment of short term debt financed by the sale of the Group's subsidiary, BKSB Ltd.

Based on the financial forecast for 2021/22 to 22/23, which indicates that operations will be cash generative, the College will be able to maintain its covenants through to July 2023 and beyond.

Based on the information available, the Corporation believes it is appropriate to prepare the financial statements on a going concern basis.

Approved by order of the members of the Corporation on 16 December 2021 and signed on its behalf by:

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

Statement of Regularity, Propriety and Compliance

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

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 ESFA.

Andrew Cropley

Accounting Officer

16 December 2021

Sean Lyons

Chair of the Corporation

16 December 2021

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the corporation's grant funding agreements and contracts with ESFA, the corporation – through its accounting officer – is required to prepare financial statements and, within the Members' Report, an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice, and which gives a true and fair view of the state of affairs of the corporation and surplus of income over expenditure for that period. 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 UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the accounts and auditor's report)
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the corporation will continue in operation

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

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

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

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA, and any other public funds, are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA, or any other public funder. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economic, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 16 December 2021 and signed on its behalf by:

Sean Lyons - Chair of the Corporation

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF WEST NOTTINGHAMSHIRE COLLEGE

We have audited the financial statements of West Nottinghamshire College (the 'College') and its subsidiaries (the 'group') for the year ended 31 July 2021 which comprise the Consolidated and College Statement of Comprehensive Income and Expenditure, the Consolidated and College Statement of Changes in Reserves, the Consolidated and College Balance Sheet, the Consolidated Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and College's affairs as at 31 July 2021 and of the Group's and College's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

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

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the Members of the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.
Our responsibilities and the responsibilities of the Members of the Corporation with respect to going concern are described in the relevant sections of this report.

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

We have nothing to report in this regard.

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

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

- we have not received all the information and explanations we require for our audit.

Responsibilities of Corporation
As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 23 the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the College and its industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with the ESFA funding agreements, the OFS regulatory framework, the OFSTED regulatory framework, safeguarding, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements.

We evaluated the Members of the Corporation and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to loss reserves, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the Members of the Corporation and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the College which were contrary to applicable laws and regulations, including fraud.

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

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

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Other required reporting

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

In our opinion, in all material respects:

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

Matters on which we are required to report by exception

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

- the provider's grant and fee income, as disclosed in the notes to the financial statements, has been materially misstated; or
- the provider's expenditure on access and participation activities, as disclosed in the financial statements, has been materially misstated.

Use of the audit report

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

Mazars LLP

Mazars (Dec 20, 2021 10:10 GMT)

Mazars LLP
Chartered Accountants and Statutory Auditor
Park View House
58 The Ropewalk
Nottingham
NG1 5DW
Date: Dec 20, 2021

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

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

In accordance with the terms of our engagement letter dated 3rd September 2021 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by West Nottinghamshire College during the period 1 August 2020 to 31 July 2021 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record data returns, for which the ESFA has other assurance arrangements in place.

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

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2020 to 31 July 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach
We conducted our engagement in accordance with the Code issued by the ESFA. We performed a limited assurance engagement as defined in that framework.

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

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion. Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the corporation's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Reviewed the statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding.

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

Conclusion
In the course of our work, nothing has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period 1 August 2020 to 31 July 2021 has not been applied to purposes intended by Parliament, and the financial transactions do not conform to the authorities that govern them.

Signed: Mazars LLP
Mazars (Dec 20, 2021 10:10 GMT)

Mazars LLP

Date: Dec 20, 2021

Consolidated Statements of Comprehensive Income and Expenditure

		Year ended 31 July 2021					
		GROUP			COLLEGE		
	Notes	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
		£'000	£'000	£'000	£'000	£'000	£'000
INCOME							
Funding body grants	2	31,401	-	31,401	31,401	-	31,401
Tuition fees and education contracts	3	1,322	-	1,322	1,322	-	1,322
Other grants and contracts	4	47	-	47	47	-	47
Other income	5	2,066	2,377	4,443	2,142	1,161	3,303
Endowment and investment income	6	1	(2)	(1)	1	-	1
Total Income		**34,837**	**2,375**	**37,212**	**34,913**	**1,161**	**36,074**
EXPENDITURE							
Staff costs	8	22,365	865	23,230	22,365	-	22,365
Other operating expenses	9	8,711	301	9,012	8,788	-	8,788
Depreciation	12	1,854	14	1,868	1,854	-	1,854
Interest and other finance costs	10	1,108	-	1,108	1,108	-	1,108
Total Expenditure		**34,038**	**1,180**	**35,218**	**34,115**	**-**	**34,115**
Surplus before other gains and losses		**799**	**1,195**	**1,994**	**798**	**1,161**	**1,959**
Profit on disposal of assets	12	17,303	-	17,303	17,303	-	17,303
Revaluation of investment properties	14	(4,042)	-	(4,042)	(4,042)	-	(4,042)
Surplus before tax		**14,060**	**1,195**	**15,255**	**14,059**	**1,161**	**15,220**
Taxation	11	-	(35)	(35)	-	-	-
Surplus for the year		**14,060**	**1,160**	**15,220**	**14,059**	**1,161**	**15,220**
Actuarial gain in respect of pension schemes	25	7,146	-	7,146	7,146	-	7,146
Total Comprehensive Income for the year		**21,206**	**1,160**	**22,366**	**21,205**	**1,161**	**22,366**

Consolidated Statements of Comprehensive Income and Expenditure (continued)

Year ended 31 July 2020

	Notes	GROUP Continuing Operations	GROUP Discontinued Operations	GROUP Total	COLLEGE Continuing Operations	COLLEGE Discontinued Operations	COLLEGE Total
		£'000	£'000	£'000	£'000	£'000	£'000
INCOME							
Funding body grants	2	27,349	-	27,349	27,349	-	27,349
Tuition fees and education contracts	3	2,712	-	2,712	2,712	-	2,712
Other grants and contracts	4	141	-	141	141	-	141
Other income	5	965	3,426	4,391	1,006	2,598	3,604
Endowment and investment income	6	25	20	45	25	-	25
Total Income		**31,192**	**3,446**	**34,638**	**31,233**	**2,598**	**33,831**
EXPENDITURE							
Staff costs	8	19,659	1,179	20,838	19,658	-	19,658
Other operating expenses	9	7,960	654	8,614	8,004	-	8,004
Depreciation	12	1,947	10	1,957	1,947	-	1,947
Interest and other finance costs	10	1,203	(22)	1,181	1,202	-	1,202
Total Expenditure		**30,769**	**1,821**	**32,590**	**30,811**	**-**	**30,811**
Surplus before other gains and losses		**423**	**1,625**	**2,048**	**422**	**2,598**	**3,020**
(Loss) on disposal of assets	12	(37)	-	(37)	(37)	-	(37)
Revaluation of investment properties	14	-	-	-	-	-	-
Surplus before tax		**386**	**1,625**	**2,011**	**385**	**2,598**	**2,983**
Taxation	11	-	(23)	(23)	-	-	-
Surplus for the year		**386**	**1,602**	**1,988**	**385**	**2,598**	**2,983**
Actuarial loss in respect of pension schemes	25	(18,046)	-	(18,046)	(18,046)	-	(18,046)
Total Comprehensive Income for the year		**(17,660)**	**1,602**	**(16,058)**	**(17,661)**	**2,598**	**(15,063)**

Consolidated and College Statement of Changes in Reserves

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Group			
Balance at 1 August 2019	**(28,932)**	**4,070**	**(24,862)**
Surplus from the income and expenditure account	1,988	-	1,988
Other comprehensive gain/(loss)	(18,046)	-	(18,046)
Transfers between revaluation and income and expenditure reserves	102	(102)	-
Total comprehensive income for the year	**(15,956)**	**(102)**	**(16,058)**
Balance at 31 July 2020	**(44,888)**	**3,968**	**(40,920)**
Surplus from the income and expenditure account	15,220	-	15,220
Other comprehensive gain/(loss)	7,146	-	7,146
Transfers between revaluation and income and expenditure reserves	86	(86)	-
Total comprehensive income for the year	**22,452**	**(86)**	**22,366**
Balance at 31 July 2021	**(22,436)**	**3,882**	**(18,554)**
College			
Balance at 1 August 2019	**(29,927)**	**4,070**	**(25,857)**
Surplus from the income and expenditure account	2,983	-	2,983
Other comprehensive gain/(loss)	(18,046)	-	(18,046)
Transfers between revaluation and income and expenditure reserves	89	(89)	-
Total comprehensive income for the year restated	**(14,974)**	**(89)**	**(15,063)**
Balance at 31 July 2020	**(44,901)**	**3,981**	**(40,920)**
Surplus from the income and expenditure account	15,220	-	15,220
Other comprehensive gain/(loss)	7,146	-	7,146
Transfers between revaluation and income and expenditure reserves	99	(99)	-
Total comprehensive income for the year	**22,465**	**(99)**	**22,366**
Balance at 31 July 2021	**(22,436)**	**3,882**	**(18,554)**

Consolidated and College Balance Sheets

	Notes	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Non-current assets					
Tangible assets	12	34,842	34,842	41,975	41,941
Investments	13	-	-	-	25
Investment property	14	3,120	3,120	-	-
		37,962	**37,962**	**41,975**	**41,966**
Current assets					
Stocks		8	8	20	20
Trade and other receivables	15	1,155	1,285	1,191	3,640
Cash and cash equivalents	20	5,693	5,620	6,681	3,367
		6,856	**6,913**	**7,892**	**7,027**
Less: Creditors – amounts falling due within one year	16	(7,597)	(7,654)	(17,914)	(17,040)
Net current (liabilities)		**(741)**	**(741)**	**(10,022)**	**(10,013)**
Total assets less current liabilities		**37,221**	**37,221**	**31,953**	**31,953**
Creditors – amounts falling due after more than one year	17	(10,334)	(10,334)	(22,534)	(22,534)
Provisions					
Defined benefit obligations	19	(44,582)	(44,582)	(49,509)	(49,509)
Other provisions	19	(859)	(859)	(830)	(830)
Total net (liabilities)		**(18,554)**	**(18,554)**	**(40,920)**	**(40,920)**
Unrestricted Reserves					
Income and expenditure account		(22,436)	(22,436)	(44,888)	(44,901)
Revaluation reserve		3,882	3,882	3,968	3,981
Total unrestricted reserves		**(18,554)**	**(18,554)**	**(40,920)**	**(40,920)**

The financial statements on pages 29 to 55 were approved and authorised for issue by the Corporation on **16 December 2021** and were signed on its behalf by:

Sean Lyons

Chair of the Corporation

Andrew Cropley

Principal and Accounting Officer

Consolidated Statement of Cash Flows

	Notes	2021	2020
		£'000	**£'000**
Cash flow from operating activities			
Surplus for the year		15,255	1,971
Adjustment for non-cash items			
Depreciation		1,868	1,957
(Increase)/Decrease in stocks		12	3
(Increase)/Decrease in debtors		36	515
Increase/(Decrease) in creditors due within one year		(2,258)	(2,512)
Increase/(Decrease) in creditors due after one year		(2,397)	(766)
Increase/(Decrease) in provisions		29	18
Pensions costs less contributions payable		2,221	1,840
Revaluation of investment properties		4,042	-
Taxation		(35)	-
Adjustment for investing or financing activities			
Investment income		1	(45)
Interest payable		349	575
Profit on sale of BKSB		(17,301)	-
(Gain)/Loss on sale of non-current assets		(2)	(37)
Net cash flow from operating activities		**1,820**	**3,522**
Cash flows from investing activities			
Proceeds from sale of fixed assets		2	8
Disposal of subsidiary (net of cash disposed)		16,763	-
Investment income		(1)	45
Deferred capital grants received		792	-
Payments made to acquire fixed assets		(1,917)	(307)
		15,639	(254)
Cash flows from financing activities			
Interest paid		(349)	(575)
Repayments of amounts borrowed – Bank		(10,246)	(777)
Repayments of amounts borrowed – Other		(7,852)	-
		(18,447)	(1,352)
(Decrease)/increase in cash and cash equivalents in the year		**(988)**	**1,916**
Cash and cash equivalents at beginning of the year	**20**	**6,681**	**4,768**
Cash and cash equivalents at end of the year	**20**	**5,693**	**6,681**

Notes to the Accounts

1. Statement of accounting policies and estimation techniques

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

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2020 to 2021* and in accordance with Financial Reporting Standard 102 – *"The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland"* (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiary Vision Business Support Services Limited controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity 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. The College also wholly owns BKSB India Private Limited, which ceased trading in April 2021, after a period of dormancy the College are planning to close and strike off this business. The business is not of significant materiality and has not been consolidated within these financial statements.

Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the students' union have been consolidated because the College exercises control over those activities. All financial statements are made up to 31 July 2021.

Going concern

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

The Group has recorded a surplus before other gains and losses of £2.0m for the year ended 31 July 2021. During the year the impact of COVID-19 on the financial position of the College was limited. In the 2020/21 academic year the forecasts for revenue have reflected a reduction in apprenticeship volumes and increased operating costs due to COVID-19. The Group had net current liabilities of £0.7m at the balance sheet date including £2.9m payable to the Education and Skills Funding Agency (ESFA). An unused revolving credit facility of £1 million previously available to the College in 2019/20 expired in December 2020.

The group has made substantial progress in restoring financial health and during the year the College was removed from intervention status by the ESFA following repayment of short term debt financed by the sale of the Group's subsidiary, BKSB Ltd.

Based on the financial forecast for 2021/22 to 22/23, which indicates that operations will be cash generative, the College will be able to maintain its covenants through to July 2023.

Based on the information available, the Corporation believes it is appropriate to prepare the financial statements on a going concern basis.

Recognition of income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the 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 the Office for Students represents the funding allocations attributable to the current financial year and is credited directly to the Statement of Comprehensive Income.

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

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

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

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

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

Accounting for post-employment benefits

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

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

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

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

Short term Employment benefits

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

Enhanced Pensions

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

Non-current Assets - Tangible fixed assets

Tangible fixed assets are stated at cost/deemed cost (including irrecoverable VAT and costs incurred for installation and commissioning) less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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

Land and buildings

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

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

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

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

Land is not depreciated.

Assets under construction

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

Subsequent expenditure on existing fixed assets

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

Equipment

Equipment purchased in a batch exceeding £2,000 order value is capitalised at cost.
Equipment costing less than £2,000 per individual item is recognised as an expenditure in the period of acquisition.
All other equipment is capitalised at cost.
Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

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

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

Investment Property

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

At the 31 July 2021, the College's property portfolio was reviewed and the following buildings were determined to now meet the criteria of being an investment property as they were not being used for supply of services or for formal insolvency purposes and were being held primarily to earn rentals:

1. the University Centre; and
2. 50% of the Art & Design building

These buildings have been reclassified as investment properties and were measured by an independent valuer, Avison Young, a RICS Registered Valuer.

The valuation has been prepared in accordance with the RICS Valuation – Global Standards effective from 31 January 2020 and in accordance with UK GAAP, FRS 102. It is provided within these standards and associated RICS practice statements, that for properties that are held as investments, the basis of valuation is Fair Value. The definition of Fair Value in accordance with FRS 102 is as follows:

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

Avison Young have adopted a market-based valuation for the assets, using available comparable information.

Borrowing costs

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

Leased assets

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

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

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

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

Investments

Investments in subsidiaries

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

Other investments

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

Inventories

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

Cash and cash equivalents

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

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

Financial liabilities and equity

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

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

Foreign currency translation

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

Taxation

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

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

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

Provisions and contingent liabilities

Provisions are recognised when

- the College has a present legal or constructive obligation 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 and employer grants. Related payments received from the funding bodies and subsequent disbursements to students and employers are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether leases entered 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 24, 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 2019 has been used by the actuary in valuing the pensions liability at 31 July 2021. 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.

- *Valuation of investment property*

  The College carries its investment property at fair value and engages independent valuers to determine fair value on an open market value on an existing use basis. The calculated fair value of the investment property therefore uses assumptions, of which the most sensitive relate to market conditions.

2 Funding body grants

	Year ended 31 July		Year ended 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent grants				
Education and Skills Funding Agency - Adult	4,726	4,726	5,813	5,813
Education and Skills Funding Agency - 16-18	19,142	19,142	16,289	16,289
Education and Skills Funding Agency - Apprenticeships	3,719	3,719	3,633	3,633
Office for Students	222	222	291	291
Specific grants				
Teachers' Pension Scheme	579	579	574	574
Releases of government capital grants	2,989	2,989	728	728
HE grants	24	24	21	21
Total	**31,401**	**31,401**	**27,349**	**27,349**

Analysis of grant and fee income				
Grant income from the Office for Students	246	246	312	312
Grant income from other bodies	27,587	27,587	25,734	25,734
Fee income for taught awards (exclusive of VAT)	285	285	1,615	1,615
Fee income for research awards (inclusive of VAT)	-	-	-	-
Fee income for non-qualifying course	776	776	778	778
Total grant and fee income	**28,894**	**28,894**	**28,439**	**28,439**

3 Tuition fees and education contracts

	Year ended 31 July		Year ended 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	1	1	4	4
Apprenticeship fees and contracts	26	26	30	30
Fees for FE loan supported courses	723	723	727	727
Fees for HE loan supported courses	285	285	1,615	1,615
Other students fees	26	26	16	16
Total tuition fees	1,061	1,061	2,393	2,393
Education contracts	261	261	319	319
Total	**1,322**	**1,322**	**2,712**	**2,712**

4 Other grants and contracts

	Year ended 31 July		Year ended 31 July	
	2021	**2021**	**2020**	**2020**
	Group	**College**	**Group**	**College**
	£'000	**£'000**	**£'000**	**£'000**
ERASMUS	45	45	139	139
Other grants and contracts	2	2	2	2
Total	**47**	**47**	**141**	**141**

5 Other income

	Year ended 31 July		Year ended 31 July	
	2021	**2021**	**2020**	**2020**
	Group	**College**	**Group**	**College**
	£'000	**£'000**	**£'000**	**£'000**
Catering and residences	371	371	389	389
Other income generating activities	4,038	2,898	3,967	3,180
Other grant income	-	-	-	-
Miscellaneous income	34	34	35	35
Total	**4,443**	**3,303**	**4,391**	**3,604**

Other income-generating activities for the Group includes £1.2m (2019/20: £3.4m) relating to BKSB income. Other income-generating activities for the College includes BKSB and VBSS gift aid of £1.1m (2019/20: £2.6m) and £0.08m (2019/20: £0.04m) respectively.

6 Investment income

	Year ended 31 July		Year ended 31 July	
	2021	**2021**	**2020**	**2020**
	Group	**College**	**Group**	**College**
	£'000	**£'000**	**£'000**	**£'000**
Investment income	-	-	-	-
Other interest receivable	(1)	1	45	25
Total	**(1)**	**1**	**45**	**25**

7 Donations – College only

	2021	**2020**
	£'000	**£'000**
Unrestricted donations	-	-
Total	-	-

8 Staff costs – Group

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

	2021	2020
	No.	No.
Teaching staff	249	253
Non-teaching staff	470	434
	719	**687**

Staff costs for the above persons

	2021	2020
	£'000	£'000
Wages and salaries	16,412	15,152
Social security costs	1,552	1,475
Other pension costs	4,078	3,638
Payroll subtotal	**22,042**	**20,265**
Contracted out staffing services	1,188	573
Redundancy costs:		
- contractual	-	-
- non-contractual	-	-
Total Staff costs	**23,230**	**20,838**

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Post Holders, which comprises the Principal and members of the Executive who are appointed by the Corporation Board.

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

	2021	2020
	No.	No.
The number of key management personnel, including the Accounting Officer was:	4	4

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

	Key management personnel		Other staff	
	2021	2020	2021	2020
	No.	No.	No.	No.
£60,001 to £65,000 p.a.	-	-	-	-
£65,001 to £70,000 p.a.	-	-	1	2
£70,001 to £75,000 p.a.	-	-	1	-
£75,001 to £80,000 p.a.	-	1	-	-
£80,001 to £85,000 p.a.	1	-	-	-
£85,001 to £90,000 p.a.	-	1	1	1
£90,001 to £95,000 p.a.	1	1	-	-
£95,001 to £100,000 p.a.	1	-	-	-
£100,001 to £105,000 p.a.	-	-	-	-

£135,001 to £140,000 p.a.	-	1	-	-
£140,001 to £145,000 p a	1	-	-	-
	4	**4**	**3**	**3**

Key management personnel compensation is made up as follows:

	2021	2020
	£'000	£'000
Salaries – gross salary sacrifice and waived emoluments	414	366
Performance related pay and bonus	-	-
Benefits in kind	-	-
	414	366
Pension contributions	77	59
Total key management personnel compensation	491	425

The above emoluments include amounts payable to the Principal who is the Accounting Officer and is also the highest-paid member of staff for the period 1 August 2020 to 31 July 2021:

	2021	2020
	£'000	£'000
Salaries	144	140
Benefits in kind	-	-
Pension contributions	25	21
	169	161

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

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

The Principal and Chief Executive report to the Chair of Governing Council, who undertakes an annual review of their performance against the College's overall objectives using both qualitative and quantitative measures of performance. The Principal undertakes annual reviews with key management personnel based on achievement of College objectives; recommendations are made to the remuneration committee based on these reviews.

Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple:

	2021	2020
Principal's basic salary as a multiple of the median of all staff	5.41	5.31
Principal and CEO's total remuneration as a multiple of the median of all staff	6.34	6.09

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

9 Other operating expenses

	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	1,420	1,420	1,222	1,222
Subcontractor costs	1,542	1,542	1,816	1,816
Non-teaching costs	4,006	3,782	4,089	3,479
Premises costs	2,044	2,044	1,487	1,487
Total	**9,012**	**8,788**	**8,614**	**8,004**

Other operating expenses include:	2021	2020
	£'000	£'000
Auditor's remuneration:		
Financial statements audit*	48	45
Internal audit**	17	14
Other services provided by the financial statements auditor	1	1
Other services provided by the internal auditor	-	-
Hire of assets under operating leases	88	88

* includes £48k in respect of the College only (2019/20: £39k)

** includes £17k in respect of the College (2019/20: £14k)

10 Interest and other finance costs – Group only

	2021	2020
	£'000	£'000
On bank loans, overdrafts and other loans:	349	576
Net interest on defined pension liability (Note 25)	759	605
Total	**1,108**	**1,181**

11 Taxation – Group only

	2021 £'000	2020 £'000
United Kingdom corporation tax at 19%	35	23
Provision for deferred tax in the accounts of the subsidiary company	-	-
Total	**35**	**23**

12 Tangible fixed assets (Group)

	Land and buildings Freehold £'000	Equipment £'000	Total £'000
Cost or valuation			
At 1 August 2020	50,457	17,998	68,455
Additions	83	1,834	1,917
Transfer to investment property	(8,189)	(456)	(8,645)
Disposals	-	(25)	(25)
Elimination in respect of BKSB sale	-	(490)	(490)
At 31 July 2021	**42,351**	**18,861**	**61,212**
Depreciation			
At 1 August 2020	9,279	17,202	26,481
Charge for the year	1,214	654	1,868
Transfer to investment property	(1,076)	(407)	(1,483)
Disposals	-	(25)	(25)
Elimination in respect of BKSB sale	-	(471)	(471)
At 31 July 2021	**9,417**	**16,953**	**26,370**
Net book value at 31 July 2021	**32,934**	**1,908**	**34,842**
Net book value at 31 July 2020	41,178	797	41,975

Tangible fixed assets (College)

	Land and buildings Freehold £'000	Equipment £'000	Total £'000
Cost or valuation			
At 1 August 2020	50,457	17,508	67,965
Additions	83	1,834	1,917
Transfer to investment property	(8,189)	(456)	(8,645)
Disposals	-	(25)	(25)
At 31 July 2021	**42,351**	**18,861**	**61,212**

(Note 12 continued)

Depreciation			
At 1 August 2020	9,279	16,745	26,024
Charge for the year	1,214	640	1,854
Transfer to investment property	(1,076)	(407)	(1,483)
Disposals	-	(25)	(25)
At 31 July 2021	**9,417**	**16,953**	**26,370**
Net book value at 31 July 2021	**32,934**	**1,908**	**34,842**
Net book value at 31 July 2020	41,175	763	41,938

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 2021 £'000	College 2020 £'000
Investments in subsidiary companies	-	25
Total	**-**	**25**

(Note 13 continued)

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

The principal activity of Vision Business Support Services Limited is the provision of back-office services.

The College disposed of 100 per cent of its shareholding in BKSB Ltd in the year which represented 100 per cent of the issued ordinary £1 shares. Note 29 provides more detail of this discontinued operation.

14 Investment Property

WNC (Group) & WNC (College)	£'000
Carrying value at 1 August 2020	-
Transfer from tangible fixed assets	7,162
Gains/(losses) from fair value adjustments	(4,042)
Carrying value at 31 July 2021	**3,120**

At the 31 July 2021, the College's property portfolio was reviewed and the following buildings were determined to now meet the criteria of being an investment property as they were not being used for supply of services or for formal insolvency purposes and were being held primarily to earn rentals:

1. the University Centre; and
2. 50% of the Art & Design building

These buildings have been reclassified as investment properties and were measured by an independent valuer, Avison Young, a RICS Registered Valuer.

The valuation has been prepared in accordance with the RICS Valuation – Global Standards effective from 31 January 2020 and in accordance with UK GAAP, FRS 102. It is provided within these standards and associated RICS practice statements, that for properties that are held as investments, the basis of valuation is Fair Value. The definition of Fair Value in accordance with FRS 102 is as follows:

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

Avison Young have adopted a market-based valuation for the assets, using available comparable information.

15 Trade and other receivables

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Amounts falling due within one year:				
Trade receivables	85	85	677	44
Amounts owed by group undertakings:				
Subsidiary undertakings	-	130	-	3,152
Prepayments and accrued income	1,070	1,070	447	373
Deferred tax provision	-	-	(4)	-
Amounts owed by the ESFA	-	-	71	71
Total	**1,155**	**1,285**	**1,191**	**3,640**

16 Creditors: amounts falling due within one year

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Bank loans and overdrafts	241	241	733	733
Other loans	43	43	43	43
Trade payables	414	404	466	388
Amounts owed to group undertakings:				
Subsidiary undertakings	-	162	-	1,362
Corporation tax	-	-	23	-
Other taxation and social security	381	287	516	280
Accruals and deferred income	3,227	3,226	4,215	2,316
Deferred income - government capital grants	290	290	431	431
Deferred tax liability	-	-	-	-
Amounts owed to the ESFA	3,001	3,001	11,487	11,487
Total	**7,597**	**7,654**	**17,914**	**17,040**

17 Creditors: amounts falling due after one year

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Bank loans	1,689	1,689	11,793	11,793
Other loans	-	-	43	43
Accrual and deferred income	-	-	-	-
Deferred income - government capital grants	8,645	8,645	10,698	10,698
Total	**10,334**	**10,334**	**22,534**	**22,534**

18 Maturity of debt

Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
In one year or less	241	241	732	732
Between one and two years	252	252	7,674	7,674
Between two and five years	825	825	1,960	1,960
In five years or more	612	612	2,159	2,159
Total	**1,930**	**1,930**	**12,525**	**12,525**

Bank loan terms were renegotiated in the year with early repayment resulting from the sale of BKSB. The College now has one loan at 4.365 per cent interest, repayable by instalments falling due between 2 August 2021 and 2 May 2028 totalling £1,931k. The loan is secured against three of the College's sites.

19 Provisions

			Group		
	Defined benefit obligations	Restructuring	Enhanced pensions	Dilapidations	Total
	£'000	£'000	£'000	£'000	£'000
At 1 August 2020	49,509	-	830	-	50,339
Expenditure in the period	(147)	-	(61)	-	(208)
Additions in period	(4,780)	-	90	-	(4,590)
At 31 July 2021	**44,582**	**-**	**859**	**-**	**45,441**

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

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

	2021	2020
Price inflation	2.60%	2.20%
Discount rate	1.60%	1.40%

20 Group Cash and cash equivalents

	At 1 August 2020 £'000	Cash flows £'000	Other changes £'000	At 31 July 2021 £'000
Cash and cash equivalents	6,681	(988)	-	5,693
Bank loans – short term	(733)	733	(241)	(241)
Bank loans – long term	(11,793)	9,863	241	(1,689)
Finance lease obligations – short term	-	-	-	-
Finance lease obligations – long term	-	-	-	-
Total	**(5,845)**	**9,608**	**-**	**3,763**

21 Capital and other commitments

	Group and College 2021 £'000	2020 £'000
Commitments contracted for at 31 July	-	-

22 Lease obligations

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

	Group 2021 £'000	2020 £'000
Future minimum lease payments due		
Land and buildings		
(Note 22 continued)		
Not later than one year	30	40
Later than one year and not later than five years	-	30
Later than five years	-	-
	30	70
Other		
Not later than one year	87	87
Later than one year and not later than five years	22	22
Later than five years	-	-
	109	109

23 Contingencies

The College has taken a prudent approach to income recognition of Funding Body Grants in light of the challenges to delivery due to COVID-19. Income of £234k is deferred on the Balance Sheet based on the expectation that delivery will be finalised in 2021/22 or the ESFA will claw back the funding.

24 Events after the reporting period

There are no events after the reporting period.

25 Defined benefit obligations

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

GROUP

Total pension cost for the year		**2021**		**2020**
		£'000		**£'000**
Teachers' Pension Scheme: contributions paid		1,436		1,365
Local Government Pension Scheme:				
Contributions paid	1,322		1,446	
FRS 102 (28) charge	1,682		1,293	
Charge to the Statement of Comprehensive Income		3,004		2,739
Enhanced pension charge to Statement of Comprehensive Income		90		3
Total Pension Cost for Year within staff costs		**4,530**		**4,106**

Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, Colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

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

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

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

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

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

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

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020/21 academic year of £579k (2019/20: £574k).

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website. The pension costs paid to TPS in the year amounted to £1,436k (2019/20: £1,365k).

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 2021 were £1,322k, of which employer's contributions totalled £996k and employees' contributions totalled £326k. The agreed contribution rates for future years are an employer's rate of 17.2% plus a fixed payment of £137k for the period 1 April 2021 to 31 March 2022 and £142k in the following year. For employees, contributions range from 5.5% to 12.5%. Contributions amounting to £98k were payable to the scheme at 31 July 2021 and are included within creditors.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2021 by a qualified independent actuary.

	At 31 July 2021	**At 31 July 2020**
Rate of increase in salaries	3.80%	3.20%
Future pensions increases	2.80%	2.20%
Discount rate for scheme liabilities	1.60%	1.40%
Inflation assumption (CPI)	2.80%	2.20%
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 from age 65 are:

	At 31 July 2021	**At 31 July 2020**
	Years	Years
Retiring today		
Males	21.6	21.8
Females	24.3	24.4
Retiring in 20 years		
Males	22.9	23.2
Females	25.7	25.9

Sensitivity analysis: impact on projected service cost	**At 31 July 2021**	**At 31 July 2020**
	£'000	**£'000**
Discount rate +0.1%	(90)	(89)
Discount rate -0.1%	93	92
Mortality assumption – 1 year increase	117	101
Mortality assumption – 1 year decrease	(112)	(98)

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

	Fair Value at 31 July 2021	Fair Value at 31 July 2020
	£'000	£'000
Equity instruments	34,119	26,334
Debt instruments	5,037	6,214
Property	5,386	6,944
Cash	2,146	1,898
Other	5,867	5,179
Total market value of plan assets	**52,555**	**46,569**
Actual return on plan assets	**5,441**	**3,717**

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

	2021	2020
	£'000	£'000
Fair value of plan assets	52,555	46,569
Present value of plan liabilities	(97,137)	(95,931)
Present value of unfunded liabilities	-	-
Net defined benefit (liability)	**(44,582)**	**(49,362)**

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

	2021	2020
	£'000	£'000
Amounts included in staff costs		
Current service cost	2,651	2,140
Past service cost	-	62
Administration cost	27	18
Total	**2,678**	**2,220**
Amounts included in investment income		
Net interest cost	684	627
Total cost	**3,362**	**2,847**

Amount recognised in Other Comprehensive Income

	2021	2020
Return on pension plan assets	4,785	(19)
Other actuarial gains on assets	-	231
Experience losses arising on defined benefit obligations	10,847	(5,303)
Changes in assumptions underlying the present value of plan liabilities	(8,486)	(12,955)
Amount recognised in Other Comprehensive Income	**7,146**	**(18,046)**

Movement in net defined benefit/(liability) during year

	2021 £'000	2020 £'000
Net defined benefit/(liability) in scheme at 1 August	(49,362)	(29,396)
Movement in year:		
Current service cost	(2,678)	(2,158)
Employer contributions	996	927
Past service cost	-	(62)
Net interest on the defined (liability)	(684)	(627)
Actuarial gain/(loss)	7,146	(18,046)
Net defined benefit/(liability) at 31 July	**(44,582)**	**(49,362)**

Asset and Liability Reconciliation

	2021 £'000	2020 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	95,931	74,521
Current service cost	2,651	2,140
Interest cost	1,340	1,600
Contributions by Scheme participants	327	342
Experience losses on defined benefit obligations	(10,847)	5,303
Changes in financial assumptions	9,414	14,615
Change in demographic assumptions	(928)	(1,660)
Estimated benefits paid	(751)	(992)
Past Service cost	-	62
Curtailments and settlements	-	-
Defined benefit obligations at end of period	**97,137**	**95,931**
Changes in fair value of plan assets		
Fair value of plan assets at start of period	46,569	45,125
Interest on plan assets	656	973
Return on plan assets	4,785	(19)
Other actuarial gain/(losses)	-	231
Administration expenses	(27)	(18)
Employer contributions	996	927
Contributions by Scheme participants	327	342
Estimated benefits paid	(751)	(992)
Fair value of plan assets at end of period	**52,555**	**46,569**

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

"The results in this report include an allowance to reflect the Court of Appeal judgement in respect of the McCloud and Sargeant cases which relate to age discrimination within the Judicial and Fire Pension schemes, respectively. This allowance was described in the previous accounting report and incorporated into the accounting results as at 31 July 2019. These results, including the allowance, have been rolled forward and remeasured to obtain the accounting results as at 31 July 2021.

On 31 May 2021, the Government issued a ministerial statement on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases. We do not believe there are any material differences between the approach underlying our estimated allowance and the proposed remedy. A more detailed analysis at this stage would require a significant volume of member data which is not yet available. Therefore we have not included any further adjustment in light of the expected changes to the Regulations in this report."

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, excluding the Principal, during the year were £322 (2019/20: £2,364). 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 new Chair of Governors, Sean Lyons, was paid £12,000 (£1,000 per calendar month) (2019/20: £12,000) for his services in the role, for which approval has been provided by the Charity Commission as is required for any payments to Governors of Charitable Bodies.

D2N2: A board member of this organisation (pro bono) is a College governor. A £673,618 grant was received in the year towards the College's new Robotics Centre (2019/20: £nil). There was no outstanding balance at 31/07/21.

Mansfield and Ashfield 2020: a Director of this organisation is also a Vice Principal of WNC. Purchases in the year amounted to £1,200 (2019/20: £1,540). WNC owed Mansfield and Ashfield 2020 £nil at 31/07/2021.

Emsi: a Director of this company is a College Governor. Purchases in the year amounted to £5,000 (2019/20: £5,000).

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

27 Amounts disbursed as agent:

	2021	2020
	£'000	£'000
Balance brought forward as at 1 August	96	78
Funding body grants – bursary support	67	90
Funding body grants – discretionary learner support	891	663
Employer Grants	21	299
	1,075	1,130
Disbursed to students and employers	(828)	(998)
Administration costs	(40)	(36)
Balance unspent as at 31 July, included in creditors	207	96

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 Access and Participation Expenditure

The College has an Access and Participation Statement with the Office for Students (OfS) which is available at https://www.wnc.ac.uk/university-level/terms-and-conditions.aspxt

Expenditure relating to the plan incurred during the financial year was as follows:

	2021	2020
	£'000	£'000
Access investment	105	156
Financial support to students	-	-
Support for disabled students	-	-
Research and evaluation costs	265	321
	370	477

29 Discontinued Operations

As part of the Group's 3-year recovery plan, the Group sold its investment in BKSB Ltd in April 2021.

During the year BKSB contributed £1,161k of profit (2020: £2,597k) which was provided to the Group. This was distributed via Gift Aid to the College.

The Group received cash consideration of £17,500k before adjustments.

The net assets at the date of disposal were £1,185k and a profit on disposal of £17,303k was recognised in the Consolidated Statements of Comprehensive Income.