

The College of West Anglia

**Report and Financial Statements
for the year ended 31 July 2017**

CONTENTS

	Page number
Members' Report	1
Statement of Corporate Governance and Internal Control	9
Governing Body's statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding	16
Statement of Responsibilities of the Members of the Corporation	17
Independent Auditor's Report to the Corporation of The College of West Anglia	18
Reporting Accountant's Report on Regularity	20
Consolidated Statements of Comprehensive Income	22
Consolidated and College Statement of Changes in Reserves	23
Consolidated and College Balance Sheet	24
Consolidated Statement of Cash Flows	25
Notes to the Accounts	26

Key Management Personnel, Board of Governors and Professional advisers

Key management personnel

Key management personnel are defined as members of the Senior Management Team and were represented by the following in 2016/17:

David Pomfret	Principal and CEO; Accounting officer
Arlene Clark	Vice Principal, Curriculum and Learning
Paul Harrison	Vice Principal, Corporate Services
Mark Reavell	Executive Director Partnerships (to 31 st March 2017)
Andrew Gedge	Director of Attainment and Student Experience (from 1 st April 2017)
Shaun Hindle	Director of Employer Engagement (from 1 st April 2017)

Board of Governors

A full list of Governors is given on pages 10 to 12 of these financial statements.

Rochelle Woodcock acted as Clerk to the Corporation throughout the period.

Professional Advisers

Financial Statement Auditors:

KPMG LLP
Botanic House
100 Hills Road
Cambridge
CB2 1AR

Internal Auditors:

RSM Risk Assurance Services LLP
The Pinnacle
170 Midsummer Boulevard
Central Milton Keynes
MK9 1BP

Bankers:

Lloyds Bank plc
3 North Brink
Wisbech
PE13 1JT

Solicitors:

Birketts LLP
Kingfisher House
1 Gilders Way
Norwich
Norfolk
NR3 1UB

Members' Report

NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statements for the year ended 31 July 2017.

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting the business of Norfolk College of Arts & Technology. On 3 July 1998 the Secretary of State granted consent to the Corporation to change its name to the College of West Anglia.

The College is an exempt charity for the purposes of the Charities Act 2011.

Vision

The College's vision, as approved by its members, is - "Changing lives through learning".

Public Benefit

The College of West Anglia is an exempt charity under Part 3 of the Charities Act 2011 and, following machinery of government changes introduced in July 2016, is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 10 to 12.

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

In delivering its mission, the College provides many identifiable public benefits through the advancement of education which is included in the delivery of its strategic plan and its public value statement (<http://bit.ly/2wARg8D>). We aim to create public value through, amongst other things:

- Working with learners to develop their skills and personal confidence and raising their aspirations and employment opportunities
- Displaying and promoting local leadership through our relationships and collaboration with other organisations leading to the enrichment of the economic, social, cultural and physical well-being of our communities

Implementation of the strategic plan

On 6 July 2016 the Corporation approved the College's Strategic Plan, covering the period 2016-2019. The College's strategic ambitions under this strategy were to:

- Inspire all learners to achieve their full potential
- Provide inspiring and relevant programmes
- Develop excellence through partnerships
- Embed a culture of equality and safety
- Prioritise investment in staff, buildings, facilities and systems on strategic plan ambitions
- Ensure our long term future

The three year strategy is reviewed and updated each year and forms the basis for annual objective setting. The Corporation monitors the performance against these strategic objectives throughout the year via a comprehensive suite of strategic targets.

Financial targets

The College's financial targets for 2016/17 which were approved by the Corporation in July 2016 and updated in line with a reforecast budget in December 2016 are shown in the table overleaf:

Members' Report (continued)

Strategic target:	Outturn 2015/16	Target 2016/17	Outturn 2016/17	Achieved?
Generate income in excess of £30m	£30.0m	£30.0m	£30.1m	✓
Deliver an outturn in line with the budgeted surplus of £48k*	£311k	£48k	£141k	✓
Meet our Adult Education budget target of £3.131m	n/a	£3.131m	£3.355m	✓
Meet our SFA 16-18 Apprenticeship funding target of £2.0m	£2.0m	£2.0m	£1.8m	×
Achieve a 24+ and 19+ loans target of £600k	£519k	£600k	£661k	✓
Achieve a commercial income target of £1.35m	£1.51m	£1.35m	£1.33m	×
Achieve Higher Education income of £2.049m	£1.950m	£2.049m	£2.176m	✓
Ensure pay costs as a percentage of income do not exceed the budgeted percentage of 64.8%	67.1%	64.8%	60.7%	✓
Ensure that loan balances do not exceed 40% of income	21.7%	40.0%	18.1%	✓
Maintain our ESFA Financial Health Rating of "Good"	"Good"	"Good"	"Excellent"	✓

*The £48k outturn is the 2016/17 management accounting result which excludes adjustments required by FRS102 (8) to account for pensions liabilities in arriving at the Total Comprehensive Loss for the year disclosed on page 22.

The College monitors its financial ratings through indicators built into its management accounts, its own self-assessment of financial control and reports produced by its own internal auditors. For 2016/17, using the ESFA's basis of monitoring financial health in the further education sector, the College has improved its Financial Health Rating from "Good" for 2015/16 to "Outstanding" in 2016/17.

FINANCIAL POSITION

Financial results

The Group generated a deficit for the year of £0.973m (2015/16 – deficit of £0.629m) with a total comprehensive loss after actuarial losses in respect of pension schemes of £1.227m (2015/16 – loss of £3.346m).

At the year-end, the Group had accumulated reserves of £0.455m and cash balances in hand of £7.253m. The College aims to continue to accumulate reserves and cash balances in order to contain any future borrowing needs and to facilitate further investment in its estate.

Tangible fixed asset additions during the year amounted to £1.109m. This was split between investments in land and buildings of £0.408m, equipment purchases of £0.616m and assets in the course of construction £0.085m. The former mainly related to the final elements of the construction of a new University Centre on the campus at King's Lynn which was funded by a grant from the New Anglia Local Enterprise Partnership. The new development will allow the College to grow higher education numbers in the region and to develop new tertiary-level courses that meet the skills and educational needs of the area.

The College has two subsidiary companies, CWA Developments Limited and CWA Enterprises Limited. The principal activities of CWA Developments Limited are the build and refurbish College property, whilst CWA Enterprises Limited carries out commercial training and related activities. Any distributable surpluses generated by the subsidiaries are transferred to the College under deeds of covenant. In the current year, CWA Developments Limited made a loss of £2,473 and CWA Enterprises Limited a profit of £167,456

Treasury policies and objectives

Treasury management is the management of the College's cash flows and its banking. It requires the effective management of the risks associated with these activities and the pursuit of optimum performance consistent with the College's risk appetite.

The College has a treasury management policy included in the Governance and Financial Management Regulations.

The Principal (who is the Accounting Officer) and the Vice Principal Corporate Services, acting jointly, are authorised to maintain and use loan or overdraft facilities up to £1.5m. The Finance and General Purposes Committee's approval is required for all borrowing in excess of £1.5m and the Finance and General Purposes Committee may approve, in advance, borrowing up to a defined borrowing limit or a range of limits profiled over time.

Members' Report *(continued)*

Cash flows and liquidity

The College's net cash inflow from operating activities was £2.4m (2015/16 £4.0m).

At the start of 2016/17, the College had an agreed borrowing facility with Lloyds Bank plc up to a maximum of £11m. Borrowing against this facility was only £6.3m. The undrawn facility attracted interest at 0.25%. During the year, as a cost cutting measure and with no foreseeable requirement to raise cash over the term of the loan, the College decided to eliminate the headroom on this facility. The net amount repayable on the extant loan at 31 July 2017 was £5.429m.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2016/17, the College delivered activity that has generated £23.214m in funding body main allocations (2015/16 - £23.740m). The College had approximately 5,997 funded and 375 unfunded students in 2016/17.

Student achievements

The College of West Anglia was subject to an Ofsted inspection in January 2017. As a result of this inspection, the judgement on the College's overall effectiveness changed from "Good" to "Requires Improvement". Key findings underpinning the deterioration in the judgement included:

- The proportion of learners who successfully completed their courses declined to below the national average
- Concerns around the quality of teaching, learning and assessment
- Low learner attendance in some subjects
- Leaders and managers had not improved weak provision quickly enough

The inspection also identified some strengths including:

- Teaching, learning and assessment were outstanding in apprenticeships provision
- Learners develop industry-specific practical skills well
- Learners and apprentices exhibit high levels of respect, tolerance and understanding with each other and with staff
- The College works effectively with partners to establish a broad range of provision relevant to local needs

In response to the inspection results, the College has developed a detailed Post Inspection Action Plan (PIAP) targeted at improving the quality of provision. Significant resources have been applied to support the PIAP. Early indications are that quality has begun to improve: overall achievement rates for the College increased from 74% in 2015/16 to 80% in 2016/17. This reverses a three year declining trend. In addition, data for the year indicated that 81% of students had positive destinations – including employment and further study.

More generally, the College:

- Produced 250 Norfolk Scholars – students who achieved top grades in A-levels or vocational qualifications
- Retained the Carter Cup - an annual Norfolk and Waveney construction skills competition
- Won two gold, three silver and one bronze medals in a regional Skillbuild competition for construction skills
- Retained the Equine Cup, an intercollege equestrian team competition
- Won the regional finals of the Rotary Young Chef of the Year competition
- Won medals in the Health and Social Care and Video Moving Image categories of the national Skills Show

Members' Report *(continued)*

- Provided opportunities for nearly 800 16 and 17 year-olds to develop confidence and skills and build engagement with their communities through the Government's National Citizenship Service Scheme

Curriculum developments

The College continues to be a provider of general further education courses with specialist higher education and access courses. Land-based provision is delivered from our Cambridge Campus.

The introduction of College-wide work placement was a major development during 2016/17.

The College has continued to promote its virtual Microsoft Academy. This facility, which is unique in the New Anglia LEP region, allows the College to offer bespoke courses from a dedicated classroom in order to address regional digital skills shortages through a collaboration with Microsoft and virtual.

Higher education courses are delivered in partnership with Anglia Ruskin University. Two new degree courses, in Travel and Tourism and Biosciences, have been developed during 2016/17 with intended rollout in 2017/18.

Events after the end of the reporting period

There are no significant events to report here.

Future prospects

The key focus for the College over the short to medium period is to achieve an Ofsted judgement on the effectiveness of provision of "Good" at the next inspection visit. To achieve this, a detailed Post Inspection Action Plan has been prepared to act as a framework for improvement. The Plan has been supported with financial and other resources. Achievement rates of 80% for 2016/17, halting a three year decline, indicate that the implementation of the Plan is having a positive impact.

The College operates in challenging financial circumstances. The numbers of 16 to 19 year-olds and young adults in the areas served by the College are currently in decline. Given that the majority of funding received by the College relates to further education student numbers through ESFA grants, this places pressure on the College's financial position. Funding from the ESFA and its predecessors declined by 10% over the past three years from 2014/15 (£25.858m) to 2016/17 (£23.214m). The College has addressed this by reducing costs and increasing other elements of income. Key areas of focus for diversifying income have been higher education, apprenticeships and other commercial income. Investment in marketing has also helped to increase market share in FE against competition from other providers. Management's self-assessment of Financial Health, based on the model developed by the ESFA, is "Outstanding".

The demographic position is due to improve from 2020 onwards. The College has established a five year Medium Term Financial Plan which provides a credible approach to meeting the challenges presented by the reductions in student numbers over the next three years.

During the year, the College withdrew from its role as sponsors of the CWA Academy Trust when it became clear that the future development of the Trust was inconsistent with the strategic objectives of the College. There were no financial implications for the College in relation to the sponsorship role.

The College of West Anglia was involved in a series of reviews of further education provision during 2016/17. These Strategic Area Reviews were targeted at creating strong and financially resilient colleges. The College participated in both the New Anglia LEP Area Review (site of the King's Lynn Campus) and the Greater Cambridge Greater Peterborough Area Review (site of the Cambridge and Wisbech campuses). The Area Review Teams did not recommend any structural changes for the College.

Members' Report *(continued)*

The new University Centre West Anglia opened for the 2016/17 academic year and is a focus to increase the range of the College's higher education offer and increase student numbers. A new development at Wisbech has provided first class facilities for further education students and allowed the demolition of some redundant, poor quality buildings. Part of the space created through the demolitions at this campus will be used to develop a site for bespoke training in partnership with a local employer. There are already space pressures at the Cambridge Campus and plans have been worked up to construct a new teaching and learning facility at this site.

The College has also invested heavily in its ICT infrastructure in recent years and there is an ambition to enhance the delivery of teaching and learning through the use of ICT.

Concluding on future prospects, Members have paid attention to the financial pressures facing the College and also the following mitigating factors:

- Development of a robust Medium Term Financial Plan allied to investment in growth areas such as apprenticeships and higher education
- The positive cash position of the College (£7.253m at 31 July 2017)
- The existence of significant land holdings by the College which could be disposed of without any impact on teaching provision

Considering these factors in the round, Members are satisfied that the business is a going concern. These financial statements have been prepared on this basis.

RESOURCES

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

Tangible resources include three main college sites in King's Lynn, Cambridge and Wisbech.

Financial

The Group has net assets of £0.455m (after accounting for a £21.619m pension liability) including a cash balance of £7.253m. Long term debt (excluding deferred government grants) is £4.590m – predominantly bank loans (£4.518m).

People

The College employs 539 people (expressed as full time equivalents), of whom 360 are engaged in teaching and teaching support.

Reputation

The College works successfully in partnership with many local employers, the West Norfolk Partnership and local schools. The College also works with Anglia Ruskin University through UCWA to increase participation in higher education locally and in the New Anglia and GCGP LEPs. Maintaining a quality brand is essential for the College's success at attracting students and enhancing and developing external relationships. The recent Ofsted judgement of "Requires Improvement" will have a detrimental impact on reputation although this does not seem to have impacted on enrolment numbers for 2017/18. Nevertheless, changing this judgement to "Good" at the next inspection is a key priority for the College.

PRINCIPAL RISKS AND UNCERTAINTIES

The College does not have a specific risk management forum but instead uses the College Leadership Team (which includes the Senior Management Team) to review risks and the risk register so that it remains a useful and contemporary document. This has exposed the risk register and therefore risk management to a wider audience which has served to improve the embedding of risk management.

The College Leadership Team undertakes a comprehensive review of the risks to which the College is exposed and the risk register is updated at least twice a year. The risk register records the key risks using a consistent and transparent grading system which identifies the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Responsibility for implementing actions to mitigate the risks arising is allocated to specific managers.

Members' Report *(continued)*

In addition to the bi-annual review, the College Leadership Team will also consider any risks which may arise as a result of a new area of work being undertaken by the College and, if required, these risks will be added at any time to the risk register. After each bi-annual review, the risk register is considered and approved by the Audit Committee which then reports in turn to the Corporation.

Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

1. Improving teaching, learning and assessment

The College was subject to an Ofsted inspection in 2016/17 which resulted in a change in their judgement of the College's overall provision – from "Good" to "Requires Improvement".

The impact of this judgement is significant in relation to both the reputation of the College and, through a potential detrimental impact on student numbers, the financial position of the institution. To address this risk, the College is determined to return to "Good" at the next inspection. To do this, management has:

- Prepared a Post Inspection Action Plan as a framework to implement and monitor improvement actions
- Invested in additional staff and teaching materials in key areas of provision
- Engaged with Ofsted's support and challenge visits following the inspection
- Implemented a revised approach to assessing teaching, learning and assessment

2. Government funding

Government funding through the ESFA and its predecessor bodies has consistently reduced over the last few years and this shows no sign of changing for the foreseeable future.

The College is aware of several issues which may impact on future funding:

- Continuing demographic pressures on student numbers
- Central government budgets remain under pressure and funding reductions are expected for the foreseeable future

These risks are mitigated in a number of ways:

- Use of external expert services to advise on compliance with the new funding regimes to minimise the risk of funding loss
- The attraction of new facilities both at the King's Lynn and Wisbech campuses has had a positive impact on student perceptions
- Extra investment in marketing has allowed the College to increase its market share of the 16-18 year old age group, particularly in the King's Lynn area
- Regular and timely reporting of student recruitment, retention and achievement will highlight any potential issues as they arise
- Ensuring the College continues to be rigorous in delivering high quality education and training
- Strengthening the already positive relationship with a number of key bodies including funding bodies, schools and local government and nurturing relationships with both employers and LEPs
- Focussing on activities that meet local and national needs and that the College believes will continue to benefit from public funding
- Focus on cost reductions to ensure that the College can manage its activities within a reduced funding envelope

3. Staffing

With pressure on FE Sector funding in colleges there will be an increased tension between retaining high quality staff and containing the pay budget to within an acceptable percentage of income.

Members' Report *(continued)*

The growing confidence in the economy and in particular the construction sector has seen many experienced and capable staff leave the FE sector to return to industry.

The College will, in part, seek to mitigate pressure on staffing budgets by building on recent improvements in IT infrastructure to streamline and automate many of the manual processes that still exist thereby freeing up resource to ensure that high quality staff are retained.

STAKEHOLDER RELATIONSHIPS

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

- Students and their parents
- Education funding bodies
- The FE Commissioner
- Staff
- Schools
- Anglia Ruskin University (the College's HE partner)
- Local employers
- Local authorities
- Government departments and agencies
- Local Enterprise Partnerships (LEPs)
- The local community
- Other FE institutions
- Trade unions
- Voluntary organisations
- Professional bodies

The College recognises the importance of these relationships and engages in regular communication with stakeholders.

Single equality policy – contains race relations, gender and disability

The College is committed to ensuring equality of opportunity for all who learn and work within it. The College respects and values positively differences in race; gender; sexual orientation; disability; religion; belief or age and strives vigorously to remove conditions which place people at a disadvantage and will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis. The College's Single Equality and Diversity Policy, which includes its Race Relations Policy, Gender Policy and Disability Access Policy is published on the College's intranet site.

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

The College is a 'Positive about Disabled' employer and has committed to the principles and objectives of the Positive about Disabled standard. The College considers all 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 or student becomes disabled, every effort is made to ensure that employment or learning with the College continues. The College's policy is to provide training, career development and opportunities for promotion which are, as far as possible, identical to those for other employees.

Members' Report *(continued)*

Disability statement

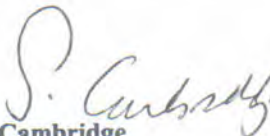
The College seeks to achieve the objectives set down in the Equality Act 2010:

- Improvements to disabled access to buildings will be implemented as part of the College's accommodation strategy
- The College employs an Additional Support Co-ordinator, who provides information and advice and arranges support where necessary for students with disabilities
- There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the learning centre
- The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy
- The College has made a significant investment in the appointment of specialist lecturers and learning support assistants to support students with learning difficulties and/or disabilities. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities
- Specialist programmes are described in College marketing material, and achievements and destinations are recorded and published
- Counselling and welfare services are described to students along with the Complaints and Disciplinary Procedure during the induction process

Disclosure of information to auditors

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

Approved by order of the members of the Corporation on 13th December 2017 and signed on its behalf by:


S Cambridge
Chair

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2016 to 31st July 2017 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”) except in the matters outlined below; and
- iii. having due regard to the UK Corporate Governance Code 2016 insofar as it is applicable to the further education sector.

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

In the opinion of the Governors, the College complies with the provisions of the Code of Good Governance for English Colleges, excepting that Governors are appointed for more than two terms and Directors of the College’s subsidiary companies are also Governors of the Corporation, and it has so complied since the date of the Code’s adoption on 16 March 2016 to the year ended 31 July 2017. Prior to this date the College complied with the provisions of the Foundation Code of Governance. 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 16 March 2016.

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 composition of the Corporation, together with attendance at Corporation board meetings, is set out on pages 10 to 12. It is the Corporation’s responsibility to bring independent judgment 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, safeguarding and personnel related matters such as health and safety and property/environmental issues. The Corporation meets at least once every term and Corporation members meet for two further planning/training half days each year.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are: finance and general purposes; employment policy; performance review and quality; remuneration; search and governance and audit. In addition the Corporation sets up sub-groups to consider specific topics as needed, this included an Area Review Task and Finish Group (7 September 2016 to 17 May 2017). The Corporation has set up with the Borough Council of King’s Lynn and West Norfolk and Fenland District Council strategic liaison committees to strengthen governor oversight of the College’s relationships with the Councils.

Full minutes of all meetings, except those deemed to be confidential by the Corporation, can be found on the College’s web-site (www.col-westanglia.ac.uk/corporation-minutes) or are available from the Clerk of the Corporation at:

College of West Anglia
Tennyson Avenue
King’s Lynn
Norfolk
PE30 2QW

Members

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

Name	Date of Appointment / Re-appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served	Corporation Board Meeting Attendance To 31/7/17
Paul Angold	September 2017	Length of Study		Student Governor	n/a	n/a
Eric Baker	October 2016	4 years	31.7.17	Staff Governor	Audit	57%
Kate Barnett	(October 2007) Re-appointed May 2015	4 years	31.10.17	Governor	RC (Chair) EPC (Chair) SCG	86%
Reena Black	September 2016	Length of Study	31.7.17	Student Governor	n/a	29%
David Brooks	March 2017	4 years		Governor	F&GP	100%
Sharon Cambridge	(July 2002) Re-appointed July 2014	4 years		Governor	EPC RC SCG (Chair)	86%
Andrew Cave	(December 2001) Re-appointed December 2013 Re-appointed October 2017	4 years		Governor	F&GP (Chair) SCG RC	86%
Steve Count	October 2013	4 years	13.2.17	Governor	F&GP	25%
Nick Daubney	(Oct 2007) Re-appointed October 2015	4 years	23.10.17	Governor	F&GP	43%
Nathan Holland	September 2016	Length of Study		Student Governor	n/a	71%
Scott Leadley	December 2011	4 years		Staff Governor	PR&Q	71%

	Re-appointed October 2015					
Samantha Penn	March 2017	4 years		Governor	PR&Q	100%
David Pomfret	July 2007	Term of Appointment		Principal/Chief Executive	F&GP SCG EPC PR&Q PSG	100%
Joe Rainsbury	October 2015	4 years		Governor	Audit (Chair from 22.11.17)	43%
Valerie Smith	May 2016	4 years		Governor	Audit	71%
Derek Stringer	(December 2002) Re-appointed December 2014	4 years	16.1.17	Governor	EPC RC	33%
Richard Tester	March 2016	4 years	17.10.16	Governor	Audit	100%
Adam Thompsett	October 2017	4 years		Staff Governor	Audit	n/a
Jill Tuck	(March 2012) Re-appointed March 2016	4 years	5.7.17	Governor	Audit (Chair)	29%
Roger Ward	(April 2006) Re-appointed April 2014	4 years		Governor	F&GP SCG RC	67%
Roderick Watkins	March 2016	4 years		Governor	PR&Q	71%
Gary Webb	(December 2010) Re-appointed December 2014	4 years		Governor	PSG PR&Q	57%
Sandy Willatt	(April 2006)	4 years		Governor	PR&Q (Chair)	71%

Statement of Corporate Governance and Internal Control *(continued)*

responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior key management personnel.

Details of remuneration for the year ended 31 July 2017 are set out in note 7 to the financial statements.

Audit Committee

The Audit Committee has a membership of six, comprising one co-opted member, from outside the Corporation, and five members of the Corporation (excluding the Accounting Officer and Chair of the Corporation). The committee has three vacancies as at 1 September 2017. The Committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's system of internal control and its arrangements for risk management, control and governance processes.

The Audit Committee meets three times per year and provides a forum for reporting by the College's internal and financial statement auditors, who have access to the Committee for independent discussion without the presence of College management. The Committee also receives and considers reports from the main FE funding body as they affect internal controls.

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

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

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

Search and Governance Committee

The Search and Governance Committee has a membership of 5 members of the Corporation. The committee has one vacancy, as at 31 October 2017. The committee is responsible for review of all aspects of governance and makes recommendations to the Corporation as required. This includes: the appointment and re-appointment of governors; review of committee structures and appointment of committee Chairs; the annual review of governor attendance and the governance self-assessment process and progress against the action plan.

Details on becoming a governor are advertised on the college website <http://www.cwa.ac.uk/>. Applications are invited from anyone who has an interest in contributing to the development of the core strategic aims of the college and are committed to serving the local community, through ensuring the provision of a quality educational experience for all. This year the Search and Governance Committee has aimed to strengthen the independent educational experience of the Board and has been successful in recruiting one new member, with further applicants currently being processed.

Internal control

Scope of responsibility

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

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

Statement of Corporate Governance and Internal Control *(continued)*

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the College throughout the year ended 31 July 2017 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2017 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

The system of internal control is based on a framework of regular management information, administration 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 corporation
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate
- a register of major risks and measures to mitigate these

The College has an internal audit service, which operates in accordance with 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.

The Head of Internal Audit (HIA) provides the Corporation annually 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.

The College's internal auditors reviewed risk management arrangements during 2016/17 resulting in a "partial assurance" conclusion. They raised five low and five medium priority recommendations. These have been addressed through the production of a new risk management strategy which has just been rolled out.

Review of effectiveness

The Accounting Officer has responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is informed by:

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

Statement of Corporate Governance and Internal Control *(continued)*

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

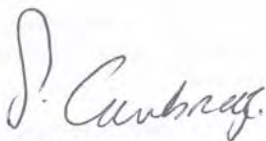
The Accounting Officer and senior management team receive reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms which are embedded within the departments and reinforced by risk awareness training. The Accounting Officer and senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2017 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2017 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2017.

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

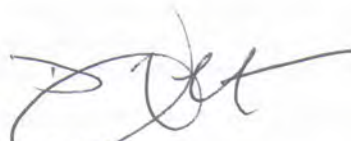
Going concern

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

Approved by order of the members of the Corporation on 13th December 2017 and signed on its behalf by:



S Cambridge
Chair



D Pomfret
Accounting Officer

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

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

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

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



S Cambridge
Chair
13th December 2017



D Pomfret
Accounting Officer
13th December 2017

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the College's Financial Memorandum & Funding Agreement with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education and with the College Accounts Direction 2016 to 2017 issued by the ESFA, and which give a true and fair view of the state of affairs of the group and the parent College and the result for that year.

In preparing the group and parent College financial statements, the Corporation is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess the group and parent College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent College or to cease operations, or have no realistic alternative but to do so.

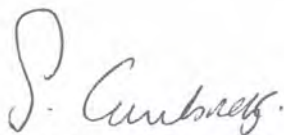
The Corporation is also required to prepare a Members Report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the College.

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the parent College, and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for taking steps that are reasonably open to it in order to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

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

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

Approved by order of the members of the Corporation on 13th December 2017 and signed on its behalf by:



S Cambridge
Chair

Independent auditor's report to the Corporation of The College of West Anglia

Opinion

We have audited the financial statements of The College of West Anglia ("the College") for the year ended 31 July 2017 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and College Statement of Changes in Reserves, Group Balance Sheet, College Balance Sheet, Consolidated Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the College's affairs as at 31 July 2017, and of the Group's and the College's income and expenditure, gains and losses and changes in reserves, and of the cash flows, for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The Corporation is responsible for the other information, which comprises the Members' Report and the Corporation's statement of corporate governance and internal control, Governing Body's statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Post-16 Audit Code of Practice 2016 to 2017 (March 2017) issued jointly by the Skills Funding Agency and the Education Funding Agency we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Independent auditor's report to the Corporation of The College of West Anglia (continued)

Corporation's responsibilities

As explained more fully in their statement set out on page 17, the Corporation is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent 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 it either intends to liquidate the group or the parent College or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Corporation, in accordance with the Articles 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 for our audit work, for this report, or for the opinions we have formed.

S Beavis

Stephanie Beavis

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
Botanic House, 100 Hills Road
Cambridge CB2 1AR

14 December 2017

Reporting accountant's report on regularity to the corporation of the College of West Anglia and the Secretary of State for Education acting through the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 13th October 2017 and further to the requirements of the financial memorandum with Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by The College of West Anglia during the period 1 August 2016 to 31 July 2017 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 issued jointly by the Skills Funding Agency and the Education Funding Agency. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the Education and Skills Funding Agency has other assurance arrangements in place.

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

Respective responsibilities of The College of West Anglia and the reporting accountant

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

Our responsibilities for this engagement are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Post-16 Audit Code of Practice. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the 1st August 2016 to 31 July 2017 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 Post-16 Audit Code of Practice issued jointly by the Skills Funding Agency and the Education Funding Agency. We performed a limited assurance engagement as defined in that framework.

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

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

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

Reporting accountant's report on regularity to the corporation of the College of West Anglia and the Secretary of State for Education acting through the Education and Skills Funding Agency (continued)

The work undertaken to draw our conclusion included:

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

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a limited assurance conclusion on regularity consistent with the requirements of the Post-16 Audit Code of Practice.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1st August 2016 to 31 July 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

SBeavis
Stephanie Beavis

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
Botanic House, 100 Hills Road
Cambridge CB2 1AR

14 December 2017

Consolidated Statements of Comprehensive Income

	Notes	Year ended 31 July		Year ended 31 July	
		2017	2017	2016	2016
		Group £'000	College £'000	Group £'000	College £'000
INCOME					
Funding body grants	2	23,214	23,214	23,740	23,740
Tuition fees and education contracts	3	3,837	3,480	3,551	3,271
Other grants and contracts	4	1,570	1,559	1,358	1,358
Other income	5	1,489	1,502	1,775	1,971
Endowment and investment income	6	4	4	15	15
Total income		30,114	29,759	30,439	30,355
EXPENDITURE					
Staff costs	7	18,963	18,963	18,118	18,118
Other operating expenses	8	8,324	7,987	9,136	8,773
Depreciation	11	3,136	3,057	3,036	2,946
Interest and other finance costs	9	664	664	791	791
Total expenditure		31,087	30,671	31,081	30,628
(Deficit)/surplus before other gains and losses		(973)	(912)	(642)	(273)
Gain/(loss) on disposal of fixed assets		-	-	13	11
(Deficit)/surplus before tax		(973)	(912)	(629)	(262)
Taxation	10	-	-	-	-
(Deficit)/surplus for the year		(973)	(912)	(629)	(262)
Actuarial loss in respect of pension schemes	23	(254)	(254)	(2,717)	(2,717)
Total Comprehensive Loss for the year		(1,227)	(1,166)	(3,346)	(2,979)

The notes on pages 26 to 51 form an integral part of these financial statements.

Consolidated and College Statement of Changes in Reserves Year ended 31 July 2017

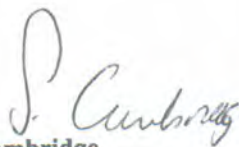
	General Reserve (including pension reserve) £'000	Revaluation Reserve £'000	Total £'000
Group			
Balance at 1st August 2015	1,610	3,418	5,028
(Deficit)/surplus from the income and expenditure statement	(629)	-	(629)
Other comprehensive loss	(2,717)	-	(2,717)
Transfers between revaluation and income and expenditure reserves	459	(459)	-
	(2,887)	(459)	(3,346)
Balance at 31st July 2016	(1,277)	2,959	1,682
(Deficit)/surplus from the income and expenditure statement	(973)		(973)
Other comprehensive loss	(254)		(254)
Transfers between revaluation and income and expenditure reserves	459	(459)	-
Total comprehensive loss for the year	(768)	(459)	(1,227)
Balance at 31st July 2017	(2,045)	2,500	455
College			
Balance at 1st August 2015	1,449	3,418	4,867
(Deficit)/surplus from the income and expenditure statement	(262)	-	(262)
Other comprehensive loss	(2,717)	-	(2,717)
Transfers between revaluation and income and expenditure reserves	459	(459)	-
	(2,520)	(459)	(2,979)
Balance at 31st July 2016	(1,071)	2,959	1,888
(Deficit)/surplus from the income and expenditure statement	(912)		(912)
Other comprehensive loss	(254)		(254)
Transfers between revaluation and income and expenditure reserves	459	(459)	-
Total comprehensive loss for the year	(707)	(459)	(1,166)
Balance at 31st July 2017	(1,778)	2,500	722

The notes on pages 26 to 51 form an integral part of these financial statements.

Consolidated and College Balance Sheet as at 31 July

	Notes	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Fixed assets					
Tangible fixed assets	11	49,970	49,782	52,109	50,595
Investments	12	-	3,344	-	3,344
		<u>49,970</u>	<u>53,126</u>	<u>52,109</u>	<u>53,939</u>
Current assets					
Trade and other receivables	13	1,058	1,040	916	890
Cash and cash equivalents	18	7,253	7,251	5,184	5,181
		<u>8,311</u>	<u>8,291</u>	<u>6,100</u>	<u>6,071</u>
Less: Creditors – amounts falling due within one year	14	(6,979)	(9,848)	(8,686)	(10,300)
Net current assets/(liabilities)		<u>1,332</u>	<u>(1,557)</u>	<u>(2,586)</u>	<u>(4,229)</u>
Total assets less current liabilities		<u>51,302</u>	<u>51,569</u>	<u>49,523</u>	<u>49,710</u>
Less: Creditors – amounts falling due after more than one year	15	(28,353)	(28,353)	(26,647)	(26,628)
Provisions					
Defined benefit obligations	17	(21,619)	(21,619)	(20,286)	(20,286)
Other provisions	17	(875)	(875)	(908)	(908)
Total net assets		<u>455</u>	<u>722</u>	<u>1,682</u>	<u>1,888</u>
Unrestricted reserves					
Income and expenditure account		(2,045)	(1,778)	(1,277)	(1,071)
Revaluation reserve		2,500	2,500	2,959	2,959
Total unrestricted reserves		<u>455</u>	<u>722</u>	<u>1,682</u>	<u>1,888</u>

The financial statements on pages 22 to 51 were approved and authorised for issue by the Corporation on 13th December 2017 and were signed on its behalf on that date by:


S Cambridge
 Chair


D Pomfret
 Accounting Officer

The notes on pages 26 to 51 form an integral part of these financial statements.

Consolidated Statement of Cash Flows Year ended 31 July

	Notes	2017 £'000	2016 £'000
Cash inflow from operating activities			
(Deficit)/surplus for the year		(973)	(629)
Adjustment for:			
Depreciation		3,136	3,036
(Profit) on disposal of tangible fixed assets		-	(13)
Deferred capital grants released to income		(633)	(523)
(Increase)/decrease in debtors		(142)	668
(Decrease)/increase in creditors		(247)	405
(Decrease)/increase in provisions		(33)	(39)
Pensions costs less contributions payable		1,079	935
Adjustment for investing or financing activities:			
Investment income		(4)	(15)
Investment income		170	187
Net cash flow from operating activities		<u>2,353</u>	<u>4,012</u>
Cash flows from investing activities			
Proceeds from sale of fixed assets		112	17
Deferred capital grants received		3,490	2,794
Investment income		4	15
Payments made to acquire fixed assets		(2,722)	(6,990)
		<u>884</u>	<u>(4,164)</u>
Cash Flows from financing activities			
Interest paid		(162)	(179)
Interest element of finance leases		(8)	(8)
Repayments of amounts borrowed		(930)	(955)
Capital element of finance lease payments		(68)	(66)
		<u>(1,168)</u>	<u>(1,208)</u>
(Decrease) / increase in cash and cash equivalents in the year		<u>2,069</u>	<u>(1,360)</u>
Cash and cash equivalents at beginning of the year	18	5,184	6,544
Cash and cash equivalents at end of the year	18	7,253	5,184

The notes on pages 26 to 51 form an integral part of these financial statements.

Notes to the Accounts

1. Statement of accounting policies and estimation techniques

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

Basis of preparation

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies. 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 23, 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 2016 has been used by the actuary in valuing the pensions liability at 31 July 2017. 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.

Basis of accounting

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

Basis of consolidation

The consolidated financial statements of the group include the financial statements of the College and its subsidiary undertakings. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are prepared to 31 July 2017.

Going concern

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

At the balance sheet date the College held £7.3m in cash and cash equivalents and currently has £5.4m of loans with bankers on terms negotiated in 2008 and secured by a letter of negative pledge. The loan is for a fixed term of 9 years. The College's forecasts and financial projections indicate that it will be able to operate within the associated bank covenants for the foreseeable future.

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

Recognition of income

Revenue grant funding

The recurrent grant from HEFCE represents the funding allocations attributable to the current financial year for higher education students and is credited directly to the income and expenditure account.

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

Notes (continued)

1. Statement of accounting policies and estimation techniques (continued)

Recognition of income (continued)

Revenue grant funding (continued)

Other discrete funding body grants received during the year are taken to income as expenditure is incurred in line with the specific terms and conditions attached to each grant by the funding bodies.

Where the College receives and disburses funds in which it has no direct beneficial interest, such funds are excluded from the income and expenditure account on the grounds that the College does not have direct control over the future economic benefits derived from these funds. The College has applied this policy to certain funds received during the year from the Education and Skills Funding Agency (see note 25).

Capital grant funding

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

Investment Income

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

Other income

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

Agency arrangements

The College acts as an agent in the collection and payment of learner support funds. Related income received from funding agencies and subsequent disbursements to students are excluded from the income and expenditure account and are shown separately in note 25, except for the 5% of the grant received which is available to the College to cover administration costs relating to the grant.

Accounting for post-employment benefits

Retirement benefits for employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes which are externally funded and contracted out of the State Second Pension. Contributions to the TPS are charged as incurred.

Teachers' Pension Scheme

Contributions to the TPS scheme are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method.

Local Government Pension Schemes

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

Further details of the pension schemes are given in note 23.

Notes (continued)

1. Statement of accounting policies and estimation techniques (continued)

Non-current Assets - Tangible fixed assets

Land and buildings

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

Componentisation - where an asset contains a component with a significant cost in relation to the overall asset and a different useful life, the College recognises and accounts for the component separately. Where components are recognised they are depreciated over their own useful lives when calculating the depreciation chargeable for the year. Where capital expenditure results in an acquisition which replaces a component of an asset, the original component is derecognised in order to ensure that the College does not overstate its assets. The de-minimis level for componentising assets is £250,000 on the gross book value of buildings only. The three building components used are structure, fitting out and machinery and equipment.

Depreciation - freehold land is not depreciated. Freehold buildings and their components are depreciated over their expected useful economic life to the College of between 15 and 75 years. Leasehold land and buildings are amortised over 10 years or, if shorter, the period of the lease. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

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

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

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

Subsequent expenditure on existing fixed assets

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

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

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.

Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition; however items may be pooled together. All other equipment is capitalised at cost. Equipment inherited from the Local Education Authority is included in the balance sheet at valuation.

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

Notes (continued)

1. Statement of accounting policies and estimation techniques (continued)

Non-current Assets - Tangible fixed assets (continued)

- | | |
|--|---------------------|
| • Motor vehicles and general equipment | 5 years |
| • Other plant and equipment | 5 years or 10 years |
| • Computer equipment | 4 years |
| • Furniture and fittings | 5 years |
| • Farm equipment | 10 Years |

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

Leased assets

Costs in respect of operating leases are charged on a straight line basis over the lease term in the Statement of Comprehensive Income and Expenditure. Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The relevant assets are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

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

Assets which are held under hire purchase contracts which have the characteristics of finance leases are depreciated over their useful lives.

Investments

Fixed asset investments are carried at historical cost less any provision for impairment in their value.

Cash

Cash for the purposes of the cash flow statement comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand.

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 year with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

Taxation

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

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

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

Liquid resources

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

Notes *(continued)*

1. Statement of accounting policies and estimation techniques *(continued)*

Provisions

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

Notes (continued)

2 Funding body grants

	Year ended 31 July		Year ended 31 July	
	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Education and Skills Funding Agency - adult	3,609	3,609	3,387	3,387
Education and Skills Funding Agency - 16-18	16,323	16,323	17,065	17,065
Education and Skills Funding Agency - apprenticeships	2,649	2,649	2,765	2,765
Specific Grants				
Releases of government capital grants	633	633	523	523
Total	23,214	23,214	23,740	23,740

3 Tuition fees and education contracts

	Year ended 31 July		Year ended 31 July	
	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Fees - full cost provision	441	85	475	195
Fees - other funded provision	559	558	546	546
Fees for FE loan supported courses	661	661	519	519
Total tuition fees	1,661	1,304	1,540	1,260
Education contracts	2,176	2,176	2,011	2,011
Total	3,837	3,480	3,551	3,271

4 Other grants and contracts

	Year ended 31 July		Year ended 31 July	
	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
European Commission	38	38	(52)	(52)
Other grants and contracts	1,532	1,521	1,410	1,410
Total	1,570	1,559	1,358	1,358

Notes (continued)

5 Other income

	Year ended 31 July		Year ended 31 July	
	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	339	339	505	505
Other income generating activities	221	203	300	280
Other grant income	-	-	28	32
Miscellaneous income	929	960	942	1,154
	<u>1,489</u>	<u>1,502</u>	<u>1,775</u>	<u>1,971</u>

6 Investment income

	Year ended 31 July		Year ended 31 July	
	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other interest receivable	<u>4</u>	<u>4</u>	<u>15</u>	<u>15</u>

Notes (continued)

7 Staff costs – Group and College

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

	2017 No.	2016 No.
Teaching staff	219	220
Teaching support staff	141	141
Non teaching staff	<u>179</u>	<u>180</u>
	<u>539</u>	<u>541</u>
Staff costs for the above persons		
	2016 £'000	2015 £'000
Wages and salaries	14,538	14,364
Social security costs	1,099	905
Other pension costs	<u>3,142</u>	<u>2,776</u>
	18,779	18,045
Contractual restructuring costs	<u>184</u>	<u>73</u>
	<u>18,963</u>	<u>18,118</u>

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 Management Team which comprises the Principal; the Vice Principal, Curriculum and Learning; the Vice Principal, Corporate Services; the Director of Attainment and Student Experience and the Director of Employer Engagement.

Emoluments of Key management personnel, Accounting Officer

	2017 No.	2016 No.
The number of key management personnel including the Accounting Officer was:	<u>6</u>	<u>4</u>

Notes (continued)

7 Staff costs – Group and College (continued)

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 ranges was:

	2017 No.	2016 No.
£60,001 to £70,000	2	-
£70,001 to £80,000	2	3
£80,001 to £90,000	1	-
£130,001 to £140,000	-	1
£140,001 to £150,000	1	-
	<u>6</u>	<u>4</u>

No other member of staff received annual emoluments, excluding pension contributions but including benefits in kind, in excess of £60,000 p.a. (2015/16: nil).

Key management personnel emoluments are made up as follows:

	2017 £'000	2016 £'000
Salaries - gross of salary sacrifice and waived emoluments	393	364
Employer's National Insurance	49	45
	<u>442</u>	<u>409</u>
Pension contributions	64	55
	<u>506</u>	<u>464</u>

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

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

	2017 £'000	2016 £'000
Salaries	<u>141</u>	<u>140</u>
Pension contributions	<u>23</u>	<u>23</u>

Notes (continued)

7 Staff costs – Group and College (continued)

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

In addition to the amounts disclosed above, the Accounting Officer received a salary of £19,692 together with attributable pension contributions of £3,245 in his capacity as Chief Executive of the CWA Academy Trust for the period from 1st August 2016 to 29th January 2017 (2016: £40,000 and £6,512 for the period from 1st August 2015 to 31st July 2016).

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

8 Other operating expenses

	Year ended 31 July		Year ended 31 July	
	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	3,502	3,201	3,655	3,406
Non teaching costs	2,708	2,671	3,091	2,977
Premises costs	2,114	2,115	2,390	2,390
Total	8,324	7,987	9,136	8,773

Other operating expenses include:	2017	2016
	£'000	£'000
Auditors' remuneration:		
Financial statements audit*	30	36
Internal audit**	16	18
Other services provided by the financial statements auditors	4	7
Hire of asset under operating leases	73	106

* includes £26,000 in respect of the College (2015/16 £31,500)

** includes £16,000 in respect of the College (2015/16 £18,000)

9 Interest and other finance costs – Group and College

	2017	2016
	£'000	£'000
On bank loans, overdrafts and other loans:	164	179
	<u>164</u>	<u>179</u>
On finance leases	6	8
Net interest on defined pension liability (note 23)	494	604
	<u>494</u>	<u>604</u>
Total	664	791
	<u>664</u>	<u>791</u>

Notes (continued)

10 Taxation – Group only

The members do not believe the College was liable for any corporation tax arising out of its activities during either period.

11 Tangible fixed assets

Group

	Freehold Land and buildings £'000	Equipment £'000	Assets in the Course of Construction £'000	Total £'000
Cost or valuation				
At 1 August 2016	62,676	20,202	11,650	94,528
Additions	408	616	85	1,109
Disposals	(1,663)	(25)	(1)	(1,689)
Transfers	4,218	(64)	(4,154)	-
At 31 July 2017	65,639	20,729	7,580	93,948
Depreciation				
At 1 August 2016	25,114	17,305	-	42,419
Charge for the year	1,894	1,242	-	3,136
Elimination in respect of disposals	(1,555)	(22)	-	(1,577)
At 31 July 2017	25,453	18,525	-	43,978
Net book value at 31 July 2017	40,186	2,204	7,580	49,970
Net book value at 31 July 2016	37,562	2,897	11,650	52,109

Notes (continued)

11 Tangible fixed assets (continued)

College

	Freehold Land and buildings £'000	Equipment £'000	Assets in the Course of Construction £'000	Total £'000
Cost or valuation				
At 1 August 2016	62,230	19,578	10,389	92,197
Additions	1,794	565	-	2,359
Disposals	(1,540)	(22)	-	(1,562)
At 31 July 2017	62,484	20,121	10,389	92,994
Depreciation				
At 1 August 2016	24,817	16,785	-	41,602
Charge for the year	1,873	1,184	-	3,057
Elimination in respect of disposals	(1,428)	(19)	-	(1,447)
At 31 July 2017	25,262	17,950	-	43,212
Net book value at 31 July 2017	37,222	2,171	10,389	49,782
Net book value at 31 July 2016	37,413	2,793	10,389	50,595

Land and buildings were valued for the purpose of the 1994 financial statements at depreciated replacement cost by the District Valuer & Valuations Office (Peterborough) in accordance with the RICS Statement of Asset Valuation Practice and Guidance notes. Other tangible fixed assets inherited from the Local Education Authority at incorporation have been valued by the Corporation on a depreciated replacement cost basis with the assistance of independent professional advice.

The net book value of equipment includes an amount of £136,000 (2015/16: £204,000) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £68,000 (2015/16: £68,000).

Land and buildings with a net book value of £2,500,000 (2015/16: £2,959,000) have been financed from exchequer funds. Should these assets be sold, the College may be liable, under the terms of the financial memorandum, to surrender the proceeds.

Notes (continued)

12 Investments

	College 2017 £'000	College 2016 £'000
Investments in subsidiary companies	<u>3,344</u>	<u>3,344</u>

The College owns ordinary shares in the following companies, incorporated in Great Britain and registered in England and Wales:

Name of undertaking	Country of registration	Description of shares held	Proportion of nominal values of issued shares held
CWA Enterprises Limited	England and Wales	100 x ordinary £1 shares	100%
CWA Developments Limited	England and Wales	1 x ordinary £1 share	100%

The principal business activity of CWA Enterprises Limited is the supply of education and training courses to commercial clients and of CWA Developments Limited is the design and build new buildings for the College.

13 Trade and other receivables

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Amounts falling due within one year:				
Trade receivables	107	94	139	110
Other debtors	8	8	11	14
Prepayments and accrued income	678	673	526	526
Amounts owed by the ESFA	265	265	240	240
Total	<u>1,058</u>	<u>1,040</u>	<u>916</u>	<u>890</u>

Notes (continued)

14 Creditors: amounts falling due within one year

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Bank loans and overdrafts	911	911	911	911
Obligations under finance leases	70	70	68	68
Payments received on account	360	360	237	237
Trade payables	442	425	488	439
Amounts owed to subsidiary undertakings	-	2,967	-	3,090
Corporation tax	-	-	-	-
Other taxation and social security	320	309	337	324
Accruals and deferred income*	3,184	3,116	4,808	3,376
Deferred income - government capital grants	632	632	481	481
Deferred income - government revenue grants	525	525	792	792
Other creditors	535	533	564	582
Total	6,979	9,848	8,686	10,300

* Accruals and deferred income includes £567,000 (2016: £485,000) in respect of accrued short-term employment benefits.

15 Creditors: amounts falling due after more than one year

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Bank loans	4,518	4,518	5,429	5,429
Other loans	-	-	19	-
Obligations under finance leases	72	72	142	142
Deferred income - government capital grants	23,763	23,763	21,057	21,057
Total	28,353	28,353	26,647	26,628

Notes (continued)

16 Maturity of debt

(a) Bank loans and overdrafts – Group and College

Bank loans and overdrafts are repayable as follows:

	2017 £'000	2016 £'000
In one year or less	911	911
Between one and two years	912	912
Between two and five years	1,825	1,825
In five years or more	1,781	2,692
Total	5,429	6,340

The bank loan bears interest at a fixed rate of 2.624% and is repayable by instalments falling due between 1st August 2017 and 31st July 2023.

(b) Finance leases – Group and College

The net finance lease obligations to which the institution is committed are:

	2017 £'000	2016 £'000
In one year or less	68	68
Between two and five years	72	70
In five years or more	-	72
Total	140	210

Finance lease obligations are secured on the assets to which they relate.

Notes (continued)

16 Maturity of debt (continued)

(c) Other creditors – Group and College

	2017	2016
	£'000	£'000
In one year or less	19	41
Between two and five years	-	19
Total	<u>19</u>	<u>60</u>

Other creditors comprise loans to fund energy reduction initiatives. The loans are interest free and are repayable by instalments falling due between 1st August 2017 and 31st July 2018.

17 Provisions – Group and College

	Group and College			
	Defined Benefit Obligations £'000	Onerous lease £'000	Other Pension £'000	Total £'000
At 1 August 2016	20,286	307	601	21,194
Expenditure in the period	(1,544)	(33)	-	(1,577)
Transferred from income and expenditure account				-
Additions	2,877	-	-	2,877
At 31 July 2017	<u>21,619</u>	<u>274</u>	<u>601</u>	<u>22,494</u>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 23.

The onerous lease provision relates to premises at Downham Market leased under a 25 year lease expiring on 5th June 2026. The decision to vacate the premises was taken during 2014/15 as part of a cost saving and restructure exercise. The lease is non-cancellable and no opportunity to sub-let the premises has been identified to date. Consequently, full provision has been made for the payments falling due over the remaining lease term.

The other pension provision relates to pension liabilities assumed by the College following its merger with the Cambridge Isle College in 2006. At that time, the College was unable to meet the cost of transferring all pension liabilities arising on a clean break basis and, consequently, a number of deferred pensioners remain in the Cambridge Isle College scheme which is closed to new members. The College remains liable to meet any future funding deficit arising in the Cambridge Isle College scheme and management will review the level of provision for adequacy on at least an annual basis, taking account of any actuarial advice received.

Notes (continued)

18 Cash and cash equivalents

	At 1 August 2016 £'000	Cash flows £'000	At 1 August 2017 £'000
Cash and cash equivalents	<u>5,184</u>	<u>2,069</u>	<u>7,253</u>

19 Capital and other commitments

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Commitments contracted for at 31 July	<u>708</u>	<u>634</u>	<u>623</u>	<u>504</u>
Commitments authorised but not contracted for at 31 July	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

20 Lease obligations

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

	Group and College	
	2017 £'000	2016 £'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	124	114
Later than one year and not later than five years	365	372
later than five years	1,070	964
	<u>1,559</u>	<u>1,450</u>
Other		
Not later than one year	73	17
Later than one year and not later than five years	65	29
	<u>138</u>	<u>46</u>
Total lease payments due	<u>1,697</u>	<u>1,496</u>

Notes (continued)

21 Contingent liabilities

Concerns have been raised about the quality of delivery of training by a partner engaged by the College of West Anglia in 2015/16.

As a result of these concerns, the ESFA has commissioned a review of this study programme. Although the College is content that its processes were sound, there is the potential that the ESFA may initiate claw back of funding for any students who did not receive the level of training anticipated at the outset of the study programme.

(2015/16: no contingent liabilities).

22 Events after the reporting period

Details of post balance sheet events are given in the report of the members of the Corporation.

23 Defined benefit obligations

The College's employees belong to two principal pension schemes: the Teachers' Pension Scheme in England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff which is managed by Norfolk County Council for current employees and Cambridgeshire County Council for previous employees of Cambridge College of Agriculture and Horticulture ("CCAH") and Isle College. Both are multi-employer defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016.

	2017	2017	2016	2016
	£'000	£'000	£'000	£'000
Teachers' Pension Scheme: contributions paid		1,017		1,047
Local Government Pension Scheme:				
Contributions paid	1,539		1,371	
FRS 102 (28) charge	585		336	
Charge to the Statement of Comprehensive Income		2,124		1,707
Enhanced pension charge to Statement of Comprehensive Income		-		-
Total Pension Cost for Year within staff costs		3,141		2,754

Contributions amounting to £131,000 for the TPS and £148,000 for the LGPS were payable to the scheme at 31 July and are included in creditors (2016: £133,000 and £154,000).

Notes (continued)

23 Defined benefit obligations (continued)

Teachers' Pension Scheme

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

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

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

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

Scheme Changes

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

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

Notes *(continued)*

23 Defined benefit obligations *(continued)*

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

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

The pension costs paid to TPS in the year amounted to £1,017,000 (2016: £1,048,000).

Financial Reporting Standard (FRS) 102 (28)

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made in respect of the year ended 31 July 2017 was £1,942,000 (2016: £1,774,000) of which employer contributions totalled £1,539,000 (2016: £1,387,000), and employees' contributions totalled £403,000 (2016: £387,000). The employer's contribution rate is currently 20.5%. The College also pays an annual deficit recovery contribution which has been agreed until 31 March 2020. In the year to 31 July 2018 the College will pay a deficit contribution of £387,000. The contribution rate for employees is 5.5% to 12.5%.

The College is a member of three Local Government Pension Schemes – the Norfolk scheme, the Cambridgeshire (ex CCAH) scheme and the Cambridgeshire (ex Isle College) scheme. The actuarial information on each scheme has been aggregated below as all three schemes have similar characteristics and have been valued using materially consistent assumptions.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2017 by a qualified independent actuary.

Notes (continued)

23 Defined benefit obligations (continued)

	At 31 July 2017 £'000	At 31 July 2016 £'000
Rate of increase in salaries	2.80%	2.90%
Future pensions increases	2.50%	1.90%
Discount rate for scheme liabilities	2.70%	2.40%
Inflation assumption (CPI)	2.40%	1.90%
Commutation of pensions to lump sums (pre April 2008 service)	50.00%	50.00%
Commutation of pensions to lump sums (post April 2008 service)	75.00%	75.00%

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

	At 31 July 2017 £'000 years	At 31 July 2016 £'000 years
<i>Retiring today</i>		
Males	22.10	22.10
Females	24.40	24.30
<i>Retiring in 20 years</i>		
Males	24.10	24.50
Females	26.40	26.90

Notes (continued)

23 Defined benefit obligations (continued)

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

	Long-term rate of return expected at 31 July 2017	Fair Value at 31 July 2017	Long-term rate of return expected at 31 July 2016	Fair Value at 31 July 2016
		£'000		£'000
Equities	2.40%	29,541	2.40%	26,604
Bonds	2.40%	11,069	2.40%	11,352
Property	2.40%	4,945	2.40%	5,076
Cash	2.40%	974	2.40%	919
Total market value of assets		46,529		43,950
Weighted average expected long term rate of return	2.40%		2.40%	
Actual return on plan assets		5,703		5,391

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

	2017	2016
	£'000	£'000
Fair value of plan assets	46,529	43,950
Present value of plan liabilities	(68,148)	(64,236)
Net pensions (liability)/asset (Note 17)	(21,619)	(20,286)

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

Amounts included in interest payable

	2017	2016
	£'000	£'000
Pension finance cost	(494)	(604)
	(494)	(604)

Notes (continued)

23 Defined benefit obligations (continued)

Amount recognised in Other Comprehensive Loss:

	2017	2016
	£'000	£'000
Return on pension plan assets	940	3,363
Experience losses arising on defined benefit obligations	1,254	797
Changes in assumptions underlying the present value of plan liabilities	(2,448)	(6,877)
Amount recognised in Other Comprehensive Loss	(254)	(2,717)

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

	2017	2016
	£'000	£'000
Net defined benefit (liability)/asset at 1 August	(20,286)	(16,633)
Movement in year:		
Current service cost	(2,129)	(1,723)
Employer contributions	1,544	1,391
Net interest on the defined (liability)/asset	(494)	(604)
Actuarial gain or loss	(254)	(2,717)
Net defined benefit (liability)/asset at 31 July	(21,619)	(20,286)

Notes (continued)

23 Defined benefit obligations (continued)

Asset and Liability Reconciliation:

	2017	2016
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	64,236	55,226
Current Service cost	2,129	1,723
Interest cost	1,554	2,001
Contributions by Scheme participants	406	387
Experience gains and losses on defined benefit obligations	(1,254)	(797)
Changes in financial assumptions	3,091	6,877
Changes in demographic assumptions	(643)	
Estimated benefits paid	(1,371)	(1,181)
Defined benefit obligations at end of period	68,148	64,236
Reconciliation of Assets		
Fair value of plan assets at start of period	43,950	38,593
Interest on plan assets	1,060	1,397
Return on plan assets	940	3,363
Employer contributions	1,544	1,387
Contributions by Scheme participants	406	387
Estimated benefits paid	(1,371)	(1,177)
Assets at end of period	46,529	43,950

24 Related Party Transactions

Due 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 organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

Professor Roderick Watkins served as a governor during the year and is also Deputy Vice Chancellor (Research and Innovation) of Anglia Ruskin University, the College's partner in University Centre West Anglia, a joint venture constituted to deliver higher education courses to College of West Anglia students. Income from the joint venture amounted to £1,878,000 (2016: £1,948,000).

Joe Rainsbury served as a Governor during the year and is also Plant Manager for Crown Packaging UK plc. Fees for apprenticeships and courses supplied to Crown Packaging UK plc amounted to £10,000 (2016: £570). There were no balances outstanding at the year end (2016: £nil).

Sharon Cambridge served as Chair of Governors for the year and is also Business Mentor for the Prince's Trust, a youth charity that helps young people aged 13 to 30 into jobs, education and training. Fees for courses supplied to the Prince's Trust amounted to £6,800 and expenditure on related exam and qualification fees was £4,300 (2016: £nil and £nil). There were no balances outstanding at the year end (2016: £nil). She is also a partner in Kenneth Bush Solicitors who provided sponsorship of £250 for the College's annual Student Awards (2016: £250). There were no balances outstanding at the year end (2016: £nil).

Notes (continued)

24 Related Party Transactions (continued)

Michael Andrews served as a co-opted Non-Governor during the year and is also a trustee of Alive Leisure Trust Ltd which provides community leisure facilities in West Norfolk. College expenditure on the hire of facilities from Alive Leisure for awards ceremonies and exams amounted to £2,500 in the year (2016: £2,600). The balance outstanding at 31 July was £350 (2016: £800). The College also leased premises from Alive Leisure under a 22 year lease to accommodate its sports campus. Rentals payable were £57,000 (2016: £56,000). There was a balance outstanding at the year end of £6,000 (2016: £nil).

The total expenses paid to or on behalf of the Governors during the year was £1,299; 5 governors (2016: £1,530; 6 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

Transactions with the Skills Funding Agency and HEFCE are detailed in notes 2, 3, 11, 13, 14 and 25.

25 Amounts Disbursed as Agent

	2017 £'000	2016 £'000
Access Funds		
Funding body grants - hardship support	912	946
Interest earned	-	1
	<u>912</u>	<u>947</u>
Disbursed to students	(798)	(801)
Administration costs	(44)	(42)
	<u>70</u>	<u>104</u>
	<u>2,016</u>	<u>2,016</u>
	£'000	£'000
Other Learner Support Funds		
Funding body grants – bursary support	42	34
	<u>42</u>	<u>34</u>
Disbursed to students	(38)	(3)
Administration costs	-	(2)
	<u>4</u>	<u>29</u>
	<u>4</u>	<u>29</u>

Notes *(continued)*

25 **Amounts Disbursed as Agent** *(continued)*

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 have therefore been excluded from the income and expenditure account, other than when the College has directly incurred expenditure itself.

The income and expenditure consolidated in the College's financial statements relates to the purchase of some equipment from the access fund and the payment of accommodation by the College on students' behalf.