

Financial
Statements

July 31

2015



Amersham & Wycombe
College

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Operating and Financial Review

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

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Amersham & Wycombe College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

Vision and Mission

The College's vision as approved by members is:

Amersham & Wycombe College will be an independent and distinctive College, very ambitious for its students and focussed on teaching practical and technical skills. We will specialise in subject areas which are important to our regional economy and which students want to study.

The College's mission as approved by members is:

We are here for our students, and will work relentlessly to help them succeed in further study, employment and self-employment.

Public Benefit

Amersham & Wycombe College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all FE Corporations in England. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 10 and 11.

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

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

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

Strategic Plan

The Corporation approved a Strategic Plan, *Raising the Bar* for the period 2014 to 2018 in July 2014 with four strategic goals as follows:

- *Great Expectations* – we only have the highest ambition for our students;
- *Learning by Doing* – we are passionate about the power of practical and technical learning; therefore our curriculum offer will focus on vocational subjects;
- *A Local College* – we are proud to play a key role in the life of Buckinghamshire and neighbouring areas; and
- *Managing for Value* – we are custodians of public money and public trust and take very seriously our responsibility to provide the best value for money possible.

Financial objectives

The Skills Funding Agency ("SFA") issued a Notice of Concern for the financial health of the college in March 2013. In February 2015 the SFA required the college to prepare a comprehensive recovery plan. This plan was submitted on 30th April 2015 and it contains the following objectives:

Surpluses

- Achieve at least an operating performance ratio break even by July 2016
- Achieve a better than operating performance ratio break even by July 2017

Liquidity

- Achieve a current ratio in excess of 2.5 by July 2016
- Achieve positive cash days of at least 114 days in hand by July 2016

Other indicators

- Reduce pay costs from 65% of income in 2014/15 to approximately 56% of income by July 2018/19
- Achieve financial health 'Satisfactory' by July 2016

A series of performance indicators have been agreed to monitor the successful implementation of the policies.

Performance Indicators

FE Choices (formerly the "Framework for Excellence") has four key performance indicators:

- Success rates
- Learner destinations
- Learner Satisfaction survey (formerly "learner views")
- Employer Satisfaction survey (formerly "employer views")

The College is committed to observing the importance of sector measures and indicators and use the FE Choices website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Skills Funding Agency ("SFA") and Education Funding Agency ("EFA"). The Finance Record produces a financial health grading. The current rating is *Satisfactory* and follows the successful re-negotiation of the terms of the college's bank loan and agreeing a financial recovery plan over three years that will provide the College with sustainable finances.

FINANCIAL POSITION

Financial results

Within the Consolidated operating deficit of £3,125,000, the College generated an operating deficit in the year of £3,116,000 (2013/14: deficit of £3,085,000). A profit of £4,180,000 on property disposals has resulted in a College surplus on continuing operations of £1,064,000. The operating deficit includes exceptional charges of £365,000 in relation to staff restructuring.

The College has accumulated reserves of £3,388,000 (2013/14: £3,512,000).

Tangible fixed asset additions during the year amounted to £980,000 (2013/14: £425,000). This was all expended on equipment purchases (2013/14: £383,000). The contract for the sale of land adjoining the Amersham Campus was completed on 14th November 2014 with a net receipt of £4.5 million.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2014/15 the funding bodies provided 73% (2013/14: 79%) of the College's total income.

The College has a wholly owned subsidiary company, Amersham Business Centre Limited, which is currently dormant. In addition the college incorporated another subsidiary company, Next Gen Skills Academy Limited ("NGSA") on 18th September 2014. The company is limited by guarantee and is the vehicle for the delivery of a project funded by the UK Commission for Employment and Skills ("UKCES"). The project aims to develop England's talent pipeline of skilled employees in the Games, VFX and Animation industries. The college signed a contract with the UKCES on August 2014 and at that stage the project funding was to run until 31st March 2017. After the

balance sheet date, the college and NGSa were informed by the UKCES that funding for the project would cease on 31st March 2016 as a result of funding reductions by the government. NGSa incurred a deficit of £8k for the period to 31st July 2015

Treasury policies and objectives

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

The College has a separate treasury management policy in place.

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

Cash flows

A £1,375,000 operating cash outflow (2013/14: £995,000 cash outflow) has resulted from the College's operating deficit performance. However, after taking account of all other factors, particularly property disposals, there was a net cash inflow of £2,179,000 for the year.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2014/15 the College delivered activity that has produced £9,649,000 in funding body main allocation funding (2013/14: £9,827,000). The College had 2,663 funded and 1,065 non funded students.

Student achievements

Overall Success rates fell to 83.2% in 2014/15 from 83.9% in 2013/14 and compares to the overall national average of 83.6%. Success rates overall at levels 2 and 3 are above the national average.

Ofsted

In November 2014, the College was inspected and judged by Ofsted to be grade 3 for Overall Effectiveness or *Requires Improvement*. It received a grade 3 for Outcomes for Learners and Quality of Teaching, Learning and Assessment and a grade 2 for the Effectiveness of Leadership and Management. The College has prepared and is delivering a post inspection action plan to drive the necessary improvements.

Curriculum developments

The College continues to deliver curriculum innovation and change. In 2014/15 it has successfully introduced new courses in Carpentry, Science and Travel & Tourism. Future plans include the development with local employers of Technology and Engineering courses. The College is particularly focused on making students ready for employment and the next steps in their lives.

Payment Performance

The Late Payment of Commercial debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payments for suppliers within 30 days is 95 per cent. The college incurred no interest charges in respect of late payments for this period.

Post-Balance Sheet events

There are two significant post-Balance Sheet events to report as follows:

- In August the college was notified that its bid to The Football Foundation for a grant to install a 3G artificial surface football pitch on the Flackwell Heath Campus had been successful. The grant of £451,000 is to be matched by an investment by the college of

£250,000. The pitch will be used for the delivery of sport provision by the college and will also be used by partner community football clubs.

- The SFA asked the FE Commissioner to carry out an assessment of the college and this was conducted between 21st and 27th September 2015. His report was issued and the college was informed on 16th October that it would be placed into Administered College Status. Formal notification of this status was issued on 30th October 2015. As a result of this notification the SFA has issued a new Schedule (2) to the Notice of Concern in relation to the college's financial health that was issued to the college on 7th March 2013. This new schedule sets out additional conditions of funding in addition to the conditions of funding set out in the Financial Memorandum.

Future developments

In July 2014 the College was awarded a capital grant from the Local Growth Funds held by the Buckinghamshire and Thames Valley Local Enterprise Partnership ("LEP"). As part of its Recovery Plan the college has submitted a revised bid to the LEP for a capital programme with a total value of £4.64 million. The College is required to match the grant funding of £2.32 million pound for pound.

RESOURCES

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

Tangible resources include the two main sites at Amersham and Flackwell Heath. The College will continue to be flexible in short term hiring of premises for the delivery of provision where this is considered appropriate.

Financial

The College had £4,879,000 of net assets (including £9,424,000 of pension liability) and a £2,744,000 bank loan. This loan was taken out to support the Flackwell Heath redevelopment project.

People

The College employs 228 people (expressed as full time equivalents), of whom 112 are teaching staff.

Reputation

The College has a good reputation with those who have direct involvement with it. Maintaining a quality brand is essential for the College's success at attracting students and external relationships. It is putting in place strategies to further develop local awareness and develop a positive identity which will assist in strengthening its standing in the community.

PRINCIPAL RISKS AND UNCERTAINTIES

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. It identifies systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against actions taken. In addition to the annual review, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at the College level which is reviewed at least annually by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

This is supported by a risk management training programme to raise awareness of risk throughout the College.

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. Government funding

The College has considerable reliance on continued government funding through the further education sector funding bodies and through HEFCE, under a franchise arrangement with two Universities. In 2014/15 73% (2013/14: 80%) of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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

- The potential move to more funding having to be earned from student loans for adult learners at all levels
- The restructuring of elements of funding for 16-18 year olds to give greater prominence to Apprenticeships.

These risks are mitigated in a number of ways:

- Ensuring the College is rigorous in delivering high quality education and training.
- Focussing on maintaining and managing key relationships with the funding bodies.
- Ensuring the College is focused on priority sectors which will continue to be supported by public funding.
- Growing markets and provisions not reliant on the public purse.

2. Tuition fee policy

In line with the majority of other Colleges, Amersham & Wycombe College sets tuition fees in accordance with the fee assumptions in the guidance from the Skills Funding Agency for further education provision. For other fees it takes into account market conditions and the need for the College to generate sufficient contribution from its activities to maintain its financial health.

3. Maintain adequate funding of pension liabilities

The Corporation members are fully aware of the FRS 17 pension liability due under the Local Government Pension Scheme shown in the accounts. They have studied the reasons for the liability and concluded that it will continue to fluctuate significantly through causes outside the members' control. They also recognise that they are not permitted to use certain controls which are available to other employers, such as the closure of, or major alteration to, the pension scheme. In the absence of any further guidance from Central Government, the members are not planning to make any special contributions to the scheme to reduce the liability. For the same reasons, the members are not taking into account the liability in the setting of budgets and operational targets for the College. They will, however, plan for any actual changes in regular or special contributions to the scheme which are agreed by the trustees and employers on the advice of the scheme actuary, including any changes in contribution rates as the result of annual reviews.

STAKEHOLDER RELATIONSHIPS

Amersham & Wycombe College has many stakeholders. These include:

- Students.
- Education sector funding bodies.
- Local employers (with specific links).
- Local Authorities.
- Government Offices/ Regional Development Agencies/LEPs.
- The local community.

- Other FE institutions and universities.
- Trade unions.
- Professional bodies.
- Staff.

The College recognises the importance of these relationships and engages in regular communication with them by various means.

Equal opportunities and employment of disabled persons

Amersham & Wycombe College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis. The College's Single Equality Scheme is published on the College's Internet site.

The College publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant 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 priorities basis.

The College considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees.

Disability statement

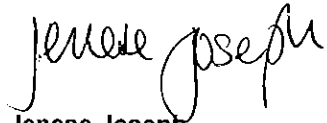
The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Act 2001 and 2005. The College makes the following commitments:

- The College continuously reviews access for students with disabilities on an annual basis.
- The College has a range of specialist equipment for students with learning difficulties including laptop computers, learning style software and IT adaptive learning technology.
- The College has a comprehensive Charter, approved as "Crystal Clear English" by the Clear English Campaign. As part of the admissions policy the charter contains service standards which students can expect from the College from first enquiry through to exit.
- The College has made significant investment in the appointment of specialist staff to support students with learning difficulties and/or disabilities. The team has a range of expertise available including basic skills, dyslexia, emotional and behavioural difficulties and dyspraxia. They also have the skills and knowledge to deal with both moderate and severe learning difficulties. 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.
- The College has a comprehensive range of marketing literature available for prospective students, parents and employers as well as a range of detailed information leaflets giving course specific information. All academic and learner support staff are available at the College's scheduled advice and guidance sessions each year.
- Specialist programmes are described in College prospectuses, and achievements and destinations are to stakeholders including local schools, employers and parents.
- Each year the College produces a College Student Handbook as a key part of its commitment to the FE Charter in which it describes the academic year and the full range of student support and welfare facilities available.

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 auditor is unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditor is aware of that information.

Approved by order of the members of the Corporation on 15th December 2015 and signed on its behalf by:

A handwritten signature in black ink that reads "Jenese Joseph". The signature is written in a cursive style with a large initial 'J'.

**Jenese Joseph
Chair**

Professional advisers

Financial statements and regularity auditors:

KPMG LLP
58 Clarendon Road
Watford
Hertfordshire
WD17 1DE

Internal auditors:

RSM
Vantage
Victoria Street
Basingstoke
Hampshire
RG21 3BT

Bankers:

Barclays Bank plc.
90-93 Broad Street
Reading
Berkshire
RG1 2AP

Statement of Corporate Governance and Internal Control

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

The College endeavours to conduct its business:

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

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

In the opinion of the governors, the College complies with all the provisions of the Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2015. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The English Colleges' Foundation Code of Governance issued by the Association of Colleges in December 2011, which it formally adopted in 2012.

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

The Corporation

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

Name	Date of Appointment	Term of office	Date of resignation	Status of appointment	Committees served
Mr R Abraham	12 October 2011	4 years		External Member	Search
Mr F Adenaïke	18 March 2015			Interim Principal and Chief Executive	All
Dr P Adl	1 November 2014			Co-opted member	Audit Committee
Mr J Grant	21 March 2012	4 years		Staff Member	Audit Committee
Mr I Humphrey	21 March 2012	4 years		Staff member	None
Ms J Joseph	8 June 2010 – reappointed 1/7/14 for 2 years	4 Years		External Member & Chair of Corporation	Chair of Corporation from 1/7/14 for 1 year Reappointed Chair of Corporation 5/5/15 for 1 year
Mr J Holland	December 2014	1 year	1/11/15	Student Member	none
Mr R Lister	23 Mar 2010 – reappointed 1/7/14 for 1 year Re-appointed 1/7/15 for 1 year	5 years		External Member	Chair of Audit
Mr S Lunn	1 July 2015	2 years		External Member	None
Mr A Walker	September 2014	2 Years		External Member	Search
Dr A Chambers	October 2014	2 years	17/5/15	External Member	None
Mr M Sellis	30 September 2013		17/3/15	Principal and Chief Executive	All
Mrs Y Thomas	12 October 2011	4 years		External Member	Chair of Search
Mr N Jepson	October 2015	2 years		External Member	None
Ms A Simpson	July 2015	2 years		External Member	None
Mr D Bainton	October 2015	2 years		External Member	Remuneration
Mr E Weiss	November 2015			Co-opted member	Audit Committee
Mrs P Chandler was appointed Governance Advisor on 14/3/14					

Details of the attendance record of Governors who served in 2014/15 is shown below:-

Name	Corporation			Audit			Search		
	Max	Actual	%	Max	Actual	%	Max	Actual	%
Jenese Joseph	10	9	90	-	-	-	4	4	100
Dick Lister	10	9	90	4	4	100	-	-	-
Yvette Thomas	10	8	80	-	-	-	4	4	100
Roy Abraham	10	9	90	-	-	-	4	1	25
Ismail Humphrey	10	8	80	-	-	-	-	-	-
Jim Grant	10	10	100	4	4	100	-	-	-
Alison Chambers	7	1	14	-	-	-	-	-	-
Andrew Walker	10	10	100	-	-	-	-	-	-
Jonathan Holland	7	4	57	-	-	-	-	-	-
Steve Lunn	2	1	50	-	-	-	-	-	-

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

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation holds meetings in 10 months of each year.

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

Amersham & Wycombe College
Amersham Campus
Stanley Hill
Amersham
Bucks
HP7 9HN

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

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

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are also regularly provided on current issues.

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

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

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a search committee, consisting of the Chairman, the Principal, and one other member, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years.

Remuneration Committee

Throughout the year ended 31 July 2015 the Corporation took all decisions on the remuneration and benefits of the Principal and other senior post holders.

Details of remuneration for the year ended 31 July 2015 are set out in note 5 to the financial statements.

Audit committee

The Audit Committee has a minimum membership of 2 members. 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 on a regular basis and provides a forum for reporting by the College's internal, financial statements and regularity auditors who have access to the Committee for independent discussion without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

The College's internal auditor monitors the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of work and reports their findings to management and the Audit Committee.

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

The Audit Committee also advises the Corporation on the appointment of the internal and financial statements auditors and their remuneration for both audit and non-audit work.

After undertaking reviews of Board Effectiveness, Risk Management, Financial Planning, budget setting and Monitoring, the internal auditors, RSM, concluded that no assurance (red) opinions were given. However, since receipt of this report, the Corporation has actively implemented many of these actions.

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 responsibilities assigned to him in the Financial Memorandum between Amersham & Wycombe College and the SFA. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Amersham & Wycombe College for the year ended 31 July 2015 and up to the date of approval of the annual report and accounts. The College Internal Auditors completed their agreed programme of seven internal audits for 2014/15 and concluded that the College needed to make improvements to its systems of internal control, as

noted above in the section headed "audit committee". The College have undertaken considerable work to address the issues identified in the entire programme in a timely manner.

Capacity to handle risk

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

The risk and control framework

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

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

Amersham & Wycombe College has an internal audit service, which operates in accordance with the requirements of the Joint Audit Code of Practice (JACOP). The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At least annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. 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 and the appointed funding auditors in their management letters and other reports.

The Accounting Officer has been advised on the implications of the results 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 risk management committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the audit committee also receive regular reports from internal audit, which include recommendations for improvement. The audit committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the audit committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its 15th December 2015 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2015 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2015.

With reference to the matters outlined in the section above regarding the purpose of the system of internal control, the audit committee has recognised the steps taken by the College to address the

issues identified by the internal auditors and considered other sources of assurance to form an opinion. 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*".

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

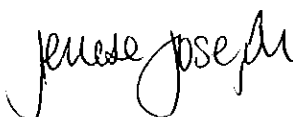
The Corporation has considered its responsibility to notify the Skills Funding Agency/ Education Funding Agency of material irregularity, impropriety and non-compliance with Skills Funding Agency/Education Funding Agency terms and conditions of funding, under the financial memorandum/funding agreement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

We confirm, on behalf of the Corporation, that to the best of its knowledge, the Corporation believes it is able to identify any material irregular or improper use of funds by the College, or material non-compliance with the Skills Funding Agency/Education Funding Agency's terms and conditions of funding under the College's financial memorandum. We further confirm that any instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the Skills Funding Agency/Education Funding Agency

Going concern

Based on the College's recovery plan, financial forecasts and sector pressures the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Corporation on 15th December 2015 and signed on its behalf by:



Jenese Joseph
Chair



Felix Adenaike
Interim Principal and CEO

Statement of Responsibilities of the Members of the Corporation

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

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

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

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

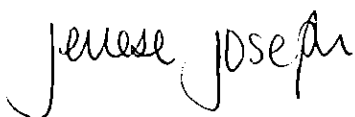
The Corporation is also required to prepare a Members Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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

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

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

Approved by order of the members of the Corporation on 15th December 2015 and signed on its behalf by:



Jenese Joseph
Chair

Independent Auditor's Report to the Corporation of Amersham & Wycombe College

We have audited the Group and College financial statements ("the financial statements") of Amersham & Wycombe College for the year ended 31 July 2015 set out on pages 19 to 44. The financial reporting framework that has been applied in their preparation is applicable law and UK Generally Accepted Accounting Practice.

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

Respective Responsibilities of the Corporation of Amersham & Wycombe College and Auditor

As explained more fully in the Statement of the Corporation's responsibilities set out on page 15, the Corporation is responsible for the preparation of financial statements which give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matters prescribed by the Joint Audit Code of Practice issued jointly by the Skills Funding Agency and the Education Funding Agency

In our opinion:

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

B. J. Stapleton

Benjamin Stapleton
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
58 Clarendon Road, Watford, Hertfordshire, WD17 1DE

18 December 2015

Date

Independent Auditor's Report on Regularity to the Corporation of Amersham & Wycombe College and the Secretary of state for Business, Innovation and Skills acting through Skills Funding Agency

In accordance with the terms of our engagement letter dated 3 December 2015 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 Amersham & Wycombe College during the period 1 August 2014 to 31 July 2015 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

This report is made solely to the corporation of Amersham & Wycombe College and the 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 Amersham & Wycombe College and the 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 Amersham & Wycombe College and the Skills Funding Agency for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Amersham & Wycombe College and the reporting accountant

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

Our responsibilities for this engagement are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Joint Audit Code of Practice. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2014 to 31 July 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw our conclusion included:

- Documenting the framework of authorities which govern the activities of the College;

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

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2014 to 31 July 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

B. J. Stapleton

Benjamin Stapleton
 For and on behalf of KPMG LLP, Statutory Auditor
 Chartered Accountants
 58 Clarendon Road, Watford, Hertfordshire, WD17 1DE

18 December 2015

Date

Consolidated Income and Expenditure Account

	Notes	2015 £'000	2014 £'000
INCOME			
Funding body grants	2	11,640	10,319
Tuition fees and education contracts	3	3,253	3,373
Other income		192	135
Endowment and investment income	4	22	5
Total income		15,107	13,832
EXPENDITURE			
Staff costs	5	9,069	8,190
Exceptional restructuring costs	5	365	178
Other operating expenses	6	7,371	6,652
Depreciation	10	1,205	1,705
Interest and other finance costs	7	222	192
Total expenditure		18,232	16,917
Deficit on continuing operations after depreciation of tangible fixed assets at valuation and before exceptional items and tax			
		(3,125)	(3,085)
Profit on disposal of assets	10	4,180	5,228
Surplus on continuing operations after depreciation of tangible fixed assets at valuation, exceptional items and disposal of assets but before tax			
		1,055	2,143
Taxation	8	-	-
Surplus on continuing operations after depreciation of assets at valuation and tax			
	9	1,055	2,143
Surplus/(deficit) for the year transferred from accumulated income in endowment funds			
		-	-
Surplus for the year retained within general reserves			
		1,055	2,143

The income and expenditure account is in respect of continuing activities

Consolidated Note of Historical Cost Surpluses and Deficits

	Notes	2015 £'000	2014 £'000
Surplus on continuing operations before taxation		1,055	2,143
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	16	137	1,320
		<u>1,192</u>	<u>3,463</u>
Historical cost surplus for the year		<u><u>1,192</u></u>	<u><u>3,463</u></u>

Consolidated Statement of Total Recognised Gains and Losses

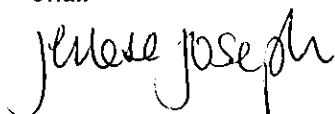
	Notes	2015 £'000	2014 £'000
Surplus on continuing operations after depreciation of assets at valuation and tax		1,055	2,143
Actuarial loss in respect of pension scheme	24	(1,187)	(2,068)
		<u>(132)</u>	<u>75</u>
Total recognised losses since last report		<u><u>(132)</u></u>	<u><u>75</u></u>
Reconciliation			
Opening reserves and endowments		3,512	3,437
Total recognised (losses)/surplus for the year		(132)	75
		<u>3,380</u>	<u>3,512</u>
Closing reserves and endowments		<u><u>3,380</u></u>	<u><u>3,512</u></u>

Balance sheets as at 31 July

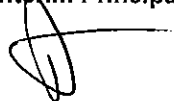
	Notes	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
Fixed assets					
Tangible assets	10	13,658	13,649	14,051	14,051
Investments		-	-	-	-
Total fixed assets		13,658	13,649	14,051	14,051
Current assets					
Debtors	11	436	427	504	504
Cash at bank and in hand		5,641	5,641	3,462	3,462
Total current assets		6,077	6,068	3,966	3,966
Less: Creditors – amounts falling due within one year	12	(2,824)	(2,798)	(5,156)	(5,156)
Net current assets		3,253	3,270	(1,190)	(1,190)
Total assets less current liabilities		16,911	16,919	12,861	12,861
Less: Creditors – amounts falling due after more than one year	13	(2,616)	(2,616)	(11)	(11)
Net assets excluding pension liability		14,295	14,303	12,850	12,850
Net pension liability	24	(9,424)	(9,424)	(7,946)	(7,946)
NET ASSETS INCLUDING PENSION LIABILITY		4,871	4,879	4,904	4,904
Deferred capital grants	15	1,491	1,491	1,392	1,392
Reserves					
Income and expenditure account excluding pension reserve	17	7,400	7,408	5,738	5,738
Pension reserve	24	(9,424)	(9,424)	(7,946)	(7,946)
Income and expenditure account including pension reserve	17	(2,024)	(2,016)	(2,208)	(2,208)
Revaluation reserve	16	5,404	5,404	5,720	5,720
Total reserves		3,380	3,388	3,512	3,512
TOTAL FUNDS		4,871	4,879	4,904	4,904

The financial statements on pages 19 to 44 were approved by the Corporation on 15 December 2015 and were signed on its behalf on that date by:

Jenese Joseph
Chair



Felix Adenaike
Interim Principal and CEO



Consolidated Cash Flow Statement

	Notes	2015 £'000	2014 £'000
Cash inflow from operating activities	18	(1,375)	(995)
Returns on investments and servicing of finance	19	(40)	(70)
Taxation	9	-	-
Capital expenditure and financial investment	20	3,729	5,383
Management of liquid resources	21	-	-
Financing	22	(135)	(857)
		<u> </u>	<u> </u>
Increase in cash in the year	23	<u>2,179</u>	<u>3,461</u>
Reconciliation of net cash flow to movement in net funds/(debt)			
Increase in cash in the period		2,179	3,461
Cash outflow from repayment of overdraft		-	730
Cash outflow from repayment of loan		128	128
Cash outflow from new capital loan		7	(1)
Cash inflow from new secured loan		-	-
Cash inflow from liquid resources		-	-
Cash outflow from decrease in lease financing		-	-
		<u> </u>	<u> </u>
Movement in net funds in the period		2,314	4,318
Net funds at 1 August		579	(3,739)
		<u> </u>	<u> </u>
Net funds at 31 July		<u>2,893</u>	<u>579</u>

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of accounting policies

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

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007* (the SORP) and in accordance with applicable Accounting Standards. They conform to the guidance published by the 2014/15 Accounts Direction Handbook.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets. The financial statements include the College and its subsidiary company Next Gen Skills Academy Limited. In accordance with Financial Reporting Standard (FRS) 2, the activities of the student union have not been consolidated, because the College does not control those activities. All financial statements are made up to 31 July 2015.

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 above. The financial position of the College, its cash flow, liquidity and borrowings are described in the financial statements and accompanying notes to the accounts.

The College had net current assets of £3,270k as at 31 July 2015. The College's forecasts and financial projections indicate that the College will have sufficient cash resources to operate within their facilities for the foreseeable future. In addition the College has in November 2014 received £4.5 million net sale proceeds on the disposal of surplus land adjacent to the Amersham Campus. The College therefore has a reasonable expectation that it has adequate resources to continue in operational existence by meeting its liabilities as they fall due.

For these reasons the College will continue to adopt the going concern basis in the preparation of its financial statements.

Recognition of income

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors. Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

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 Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of November following the year end, and the results of any funding audits. 16-18 learner responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

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

Post-retirement benefits

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

Contributions to the TPS are 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. As stated in Note 24, the TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

Tangible fixed assets

a. Land and buildings

Land and buildings inherited from the Local Education Authority (LEA) are stated in the Balance Sheet at valuation on the basis of depreciated replacement cost because 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.

Building improvements made since incorporation are included in the Balance Sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of fifty years. The College has a policy of depreciating major adaptations to buildings over the period of their economic life of fifty years.

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

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

b. Equipment

From 1 August 2008 equipment costing less than £5,000 per individual item is written off to the income and expenditure account in the period of acquisition. Before 1 August 2008 the threshold for capitalisation was £1,000. The effect of this change is to increase other operating expense. Equipment inherited from the LEA is included in the Balance Sheet at valuation (depreciated replacement cost). All other equipment is capitalised at cost.

Inherited equipment is depreciated on a straight line basis over its remaining useful economic life to the College of ten years and is now fully depreciated. All other equipment is depreciated over its useful economic life as follows:

Motor vehicles and general equipment	20% per annum
Fixtures	15% per annum
Computer equipment	33% per annum
Software	25% per annum

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.

Investments

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

Maintenance of premises

The cost of routine corrective maintenance is charged to the income and expenditure account in the period in which it is incurred.

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore 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. Subsidiary companies are liable to corporation tax.

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.

Liquid resources

Liquid resources include sums on short-term deposits with recognised banks.

Provisions

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

Agency Arrangements

The College acts as an agent in the collection and payment of Learner Support Funds. Related payments received from the Skills Funding Agency and Education Funding Agency and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 25, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant.

Notes to the Accounts (continued)

2 Funding council grants

	2015 £'000	2014 £'000
Skills Funding Agency recurrent grant	3,047	3,250
Education Funding recurrent grant	6,602	6,577
Recurrent grant - HEFCE	72	228
Education Funding Agency non recurrent grant	51	-
Skills funding Agency non recurrent grant	218	51
ESF non recurrent grant	-	5
Releases of deferred capital grants (note 15)	268	208
EOP project grant	<u>1,382</u>	<u>-</u>
Total	<u>11,640</u>	<u>10,319</u>

3 Tuition fees and education contracts

	2015 £'000	2014 £'000
Tuition fees	2,462	2,592
Education contracts	<u>791</u>	<u>781</u>
Total	<u>3,253</u>	<u>3,373</u>

4 Endowment and investment income

	2015 £'000	2014 £'000
Interest receivable	<u>22</u>	<u>5</u>

Notes to the Accounts (continued)

5 Staff costs

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

	2015 No.	2014 No.
Teaching staff	112	113
Non teaching staff	116	113
	<u>228</u>	<u>226</u>
Staff costs for the above persons		
	2015 £'000	2014 £'000
Wages and salaries	7,141	6,663
Social security costs	510	480
Other pension costs (including FRS 17 adjustments of £131,000 – 2014 £168,000)	1,050	1,047
	<u>8,701</u>	<u>8,190</u>
Payroll sub total		
Contracted out staffing services	368	0
	<u>9,069</u>	<u>8,190</u>
Exceptional restructuring costs	365	178
	<u>9,433</u>	<u>8,368</u>

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

	Senior post-holders		Other staff	
	2015 No.	2014 No.	2015 No.	2014 No.
*£20,001 to £30,000	2	-	-	-
£50,001 to £70,000	1	-	2	-
£70,001 to £80,000	-	-	-	-
£80,001 to £90,000	1	-	-	-
£90,001 to £100,000	1	2	-	-
	<u>5</u>	<u>2</u>	<u>2</u>	<u>-</u>

During the year both the Principal and Vice Principal Curriculum and Quality left the College. The Principal was replaced on an Interim basis by the Deputy Principal. The Deputy Principal role was filled on an interim basis by the Head of Finance. The Vice Principal Curriculum and Quality role was filled on an interim basis by the Assistant Principal Quality and Standards.

* For this note only Senior Post Holders information has been included within the salary band between £20,001-£30,000.

Notes to the Accounts (continued)

5 Senior post-holders' emoluments

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

	2015 No.	2014 No.
The number of senior post-holders including the Principal was:	5	4
	<u>5</u>	<u>4</u>

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

	2015 £'000	2014 £'000
Salaries	258	245
Benefits in kind	-	-
	<u>258</u>	<u>245</u>
Pension contributions	32	35
	<u>32</u>	<u>35</u>
Total emoluments	<u>290</u>	<u>280</u>

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

	2015 £'000	2014 £'000
Salaries	110	176
Benefits in kind	-	-
	<u>-</u>	<u>-</u>
Pension contributions	13	26
	<u>13</u>	<u>26</u>

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

Compensation for loss of office paid to a former senior post-holder

	2015 £	2014 £
Compensation paid to the former post-holder	48	-
Estimated value of other benefits, including provisions for pension benefits	-	-
	<u>48</u>	<u>-</u>

The estimated value of other benefits has been calculated in accordance with Financial Reporting Standard 17. The severance payment was approved by the College's remuneration committee.

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

Notes to the Accounts (continued)

6 Other operating expenses

	2015	2014
	£'000	£'000
Teaching costs	3,280	2,784
Non teaching costs	3,192	3,139
Premises costs	899	729
Total	7,371	6,652

Other operating expenses include:

	2015	2014
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	27	37
Internal audit	34	29
Other services provided by the financial statements auditors*	1	1
Hire of other assets – operating leases	127	85

* This fee was in relation to the Teachers Pension Audit Return carried out by the external auditors

7 Interest payable

	2015	2014
	£'000	£'000
On bank loans, overdrafts and other loans:		
Repayable on demand	-	75
Repayable wholly or partly in more than five years	62	-
	<u>62</u>	<u>75</u>
On finance leases		-
Pension finance costs (note 24)	160	117
	<u>160</u>	<u>117</u>
Total	222	192

8 Taxation

No corporation tax paid/due in year

9 Surplus on continuing operations for the period

The surplus on continuing operations for the year is made up as follows:

	2015	2014
	£'000	£'000
College's surplus for the period	1,055	2,143
Surplus generated by subsidiary undertakings and transferred to the College under gift aid/deed of covenant	-	-
Total	1,055	2,143

Notes to the Accounts (continued)

10 Tangible fixed assets (Group)

	Land and Freehold £'000	Equipment £'000	Total £'000
Cost or valuation			
At 1 August 2014	20 704	6 966	27 670
Additions	-	991	991
Disposals	(179)	-	(179)
At 31 July 2015	20 525	7 957	28 482
Depreciation			
At 1 August 2014	8 126	5 493	13 619
Charge for the year	675	530	1 205
At 31 July 2015	8 801	6 023	14 824
Net book value at 31 July 2015	11 724	1 934	13 658
Net book value at 31 July 2014	12 578	1 473	14 051

Notes to the Accounts (continued)

10 Tangible fixed assets (College only)

	Land and Freehold	Equipment	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 August 2014	20 704	6 966	27 670
Additions	-	980	980
Disposals	(179)	-	(179)
At 31 July 2015	20 525	7 946	28 471
Depreciation			
At 1 August 2014	8 126	5 493	13 619
Charge for the year	675	529	1 204
At 31 July 2015	8 801	6 022	14 823
Net book value at 31 July 2015	11 724	1 925	13 649
Net book value at 31 July 2014	12 578	1 473	14 051

The transitional rules set out in FRS 15 Tangible Fixed Assets were applied on implementing FRS15. Accordingly the book values at implementation have been retained.

Land and buildings were valued as at April 1993 at depreciated replacement cost by a firm of independent chartered surveyors.

In November 2014, the college sold the land adjoining the Amersham Campus (net book value of £179k). Net receipts from this sale were £4.5m

Notes to the Accounts (continued)

11 Debtors

	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
Amounts falling due within one year:				
Trade debtors	296	-	114	114
Amounts owed by group undertakings:				
Subsidiary undertakings	-	287	-	-
Prepayments and accrued income	140	140	390	390
Total	<u>436</u>	<u>427</u>	<u>504</u>	<u>504</u>

12 Creditors: amounts falling due within one year

	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
Bank loans and overdrafts	128	128	2,872	2,872
Payments received in advance	32	32	23	23
Trade creditors	93	93	-	-
Amounts owed to group undertakings:				
Subsidiary undertakings	-	4	-	4
Other taxation and social security	157	147	159	159
Accruals	1,580	1,563	1,310	1,310
Amounts owed to the Skills Funding Agency/EFA	357	357	473	473
Other Creditors	478	474	319	315
Total	<u>2,824</u>	<u>2,798</u>	<u>5,156</u>	<u>5,156</u>

13 Creditors: amounts falling due after one year

	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
Bank loans	2,616	2,616	-	-
Other creditors	-	-	11	11
Total	<u>2,616</u>	<u>2,616</u>	<u>11</u>	<u>11</u>

Notes to the Accounts (continued)

14 Borrowings

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as

	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
In one year or less	128	128	2,872	2,872
Between one and two years	128	128	-	-
Between two and five years	384	384	-	-
In five years or more	2,104	2,104	-	-
Total	<u>2,744</u>	<u>2,744</u>	<u>2,872</u>	<u>2,872</u>

15 Deferred capital grants

	Group and College		
	Funding body grants £'000	Other grants £'000	Total £'000
At 1 August 2014	1,185	207	1,392
Cash received	337	30	367
Released to income and expenditure account	(231)	(37)	(268)
At 31 July 2015	<u>1,291</u>	<u>200</u>	<u>1,491</u>

Notes to the Accounts (continued)

16 Revaluation reserve

	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
At 1 August	5,720	5,720	7,040	7,040
Transfer from revaluation reserve to general reserve in respect of:				
Disposals	(179)	(179)	-	-
Depreciation on revalued assets	(137)	(137)	(1,320)	(1,320)
At 31 July	<u>5,404</u>	<u>5,404</u>	<u>5,720</u>	<u>5,720</u>

17 Movement on general reserves

	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
Income and expenditure account reserve				
At 1 August	(2,208)	(2,208)	(3,603)	(3,603)
Surplus retained for the year	1,055	1,063	2,143	2,143
Transfer from revaluation reserve	316	316	1,320	1,320
Actuarial loss in respect of pension scheme	(1,187)	(1,187)	(2,068)	(2,068)
At 31 July	<u>(2,024)</u>	<u>(2,016)</u>	<u>(2,208)</u>	<u>(2,208)</u>
Balance represented by:				
Pension reserve	(9,424)	(9,424)	(7,946)	(7,946)
Income and expenditure account reserve excluding pension reserve	7,400	7,408	5,738	5,738
At 31 July	<u>(2,024)</u>	<u>(2,016)</u>	<u>(2,208)</u>	<u>(2,208)</u>

Notes to the Accounts (continued)

18 Reconciliation of consolidated operating deficit to net cash inflow from operating activities

	2015 £'000	2014 £'000
Deficit on continuing operations after depreciation of assets at valuation	(3,125)	(3,085)
Depreciation (notes 1 and 10)	1,205	1,705
Deferred capital grants released to income (note 15)	(268)	(208)
Interest payable (note 7)	62	75
Interest receivable (note 4)	(22)	(5)
FRS 17 pension cost less contributions payable (notes 5 and 24)	131	168
FRS 17 pension finance income (note 5)	160	117
(Increase)/decrease in debtors	68	(154)
Increase/(decrease) in creditors	413	392
Net cash outflow from operating activities	<u>(1,375)</u>	<u>(995)</u>

19 Returns on investments and servicing of finance

	2015 £'000	2014 £'000
Other interest received	22	5
Interest paid	(62)	(75)
Net cash inflow from returns on investment and servicing of finance	<u>(40)</u>	<u>(70)</u>

20 Capital expenditure and financial investment

	2015 £'000	2014 £'000
Purchase of tangible fixed assets	(996)	(425)
Sales of tangible fixed assets (see note 10)	4,358	5,808
Deferred capital grants received	367	-
Net cash inflow from capital expenditure and financial investment	<u>3,729</u>	<u>5,383</u>

Notes to the Accounts (continued)

21 Management of liquid resources

	2015 £'000	2014 £'000
Sale of investments	-	-
Withdrawals from deposits	-	-
Purchase of investments	-	-
Placing of deposits	-	-
Movement in endowment assets	-	-
Net cash inflow from management of liquid resources	-	-

22 Financing

	2015 £'000	2014 £'000
Debt due beyond a year:		
New unsecured loans repayable by 2028	-	-
Repayment of overdraft		(730)
Repayment of amounts borrowed	(128)	(128)
Capital element of finance lease rental payments	(7)	1
Net cash inflow/(outflow) from financing	(135)	(857)

23 Analysis of changes in net funds

	At 1 August 2014 £'000	Cash flows £'000	Other changes £'000	At 31 July 2015 £'000
Cash in hand, and at bank	3,462	2,179	-	5,641
Endowment asset investments (note 14)	-	-	-	-
Overdrafts	-	-	-	-
	<u>3,462</u>	<u>2,179</u>	<u>-</u>	<u>5,641</u>
Debt due within 1 year	(2,872)	128	2,616	(128)
Debt due after 1 year	-	-	-	-
Capital Loans	(11)	7	(2,616)	(2,620)
Current asset investments	-	-	-	-
Total	<u>579</u>	<u>2,314</u>	<u>-</u>	<u>2,893</u>

Notes to the Accounts (continued)

24 Pension and similar obligations

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

Total pension cost for the year	2015 £'000	2014 £'000
Teachers Pension Scheme: contributions paid	989	400
Local Government Pension Scheme:		
Contributions paid	178	483
FRS 17 charge	<u>347</u>	<u>168</u>
Charge to the Income and Expenditure Account (staff costs)	525	651
Total Pension Cost for Year	<u>1,514</u>	<u>1,051</u>

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

Contributions amounting to £101k (2014 :£119k) were payable to the schemes and are included in creditors.

Teachers' Pension Scheme

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

The Teachers' Pension Budgeting and Valuation

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Notes to the Accounts (continued)

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;
- an employer cost cap of 10.9% of pensionable pay.

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

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

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

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

Scheme Changes

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

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

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

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

The pension costs paid to TPS in the year amounted to £564,805 (2014: £400,116)

Notes to the Accounts (continued)

24 Pension and similar obligations (continued)

FRS 17

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by Buckinghamshire County Council . The total contribution made for the year ended 31 July 2015 was £692,000, of which employer's contributions totalled £507,000 and employees' contributions totalled £185,000. The agreed contribution rates for future years are 17.3 per cent for employers and range from 5.5% to 7.5% cent for employees.

FRS 17

Principal Actuarial Assumptions

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

	At 31 July 2015	At 31 July 2014
Rate of increase in salaries	4.40%	4.50%
Rate of increase for pensions in payment / inflation	2.60%	2.70%
Discount rate for scheme liabilities	3.80%	4.30%
Inflation assumption (CPI)	2.60%	2.70%
Commutation of pensions to lump sums	50%	50%

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

	At 31 July 2015	At 31 July 2014
<i>Retiring today</i>		
Males	23.70	23.60
Females	26.10	26.00
<i>Retiring in 20 years</i>		
Males	26.00	25.80
Females	28.40	28.30

Notes to the Accounts (continued)

24 Pension and similar obligations

Local Government Pension Scheme (Continued)

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

	Long-term rate of return expected at 31 July 2015	Value at 31 July 2015	Long-term rate of return expected at 31 July 2014	Value at 31 July 2014
		£'000		£'000
Gilts	5.90%	1,465	3.40%	1,354
UK Equities	5.90%	1,323	6.80%	1,307
Overseas Equities	5.90%	4,545	6.80%	3,981
Private Equity	5.90%	758	6.80%	903
Other Bonds	5.90%	1,499	4.00%	1,333
Property	5.90%	953	5.70%	844
Cash	5.90%	403	3.20%	193
Alternative Assets	5.90%	166	6.80%	0
Hedge Funds	5.90%	435	6.80%	477
Absolute Return Portfolio	5.90%	484	6.80%	424
Total market value of assets		12,031		10,816
Present value of scheme liabilities				
- Funded		(21,438)		(18,745)
- Unfunded		(17)		(17)
Related deferred tax liability		<u>0</u>		<u>0</u>
Deficit in the scheme		<u>(9,424)</u>		<u>(7,946)</u>

Analysis of the amount charged to income and expenditure account

	2015 £'000	2014 £'000
Employer service cost (net of employee contributions)	<u>638</u>	<u>626</u>
Total operating charge	<u><u>638</u></u>	<u><u>626</u></u>

Analysis of pension finance income / (costs)

	2015 £'000	2014 £'000
Expected return on pension scheme assets	641	641
Interest on pension liabilities	<u>(801)</u>	<u>(758)</u>
Pension finance income / (costs)	<u><u>(160)</u></u>	<u><u>(117)</u></u>

Notes to the Accounts (continued)

Analysis of the amount charged to income and expenditure account

	2015 £'000	2014 £'000
Employer service cost (net of employee contributions)	638	626
Total operating charge	<u>638</u>	<u>626</u>

Analysis of pension finance income / (costs)

	2015 £'000	2014 £'000
Expected return on pension scheme assets	641	641
Interest on pension liabilities	(801)	(758)
Pension finance income / (costs)	<u>(160)</u>	<u>(117)</u>

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

	2015 £'000	2014 £'000
Actuarial gains/(losses) on pension scheme assets	365	(29)
Experience Gain/(loss)	(1)	448
Actuarial gains/(losses) on scheme liabilities	(1,551)	(2,487)
Actuarial loss recognised in STRGL	<u>(1,187)</u>	<u>(2,068)</u>

Notes to the Accounts (continued)

24 Pension and similar obligations

Local Government Pension Scheme (Continued)

Movement in surplus/(deficit) during year

	2015	2014
	£'000	£'000
Deficit in scheme at 1 August	(7,946)	(5,593)
Movement in year:		
Employer service cost (net of employee contributions)	(638)	(626)
Employer contributions	505	495
Unfunded pension payment	2	2
Net pension finance cost	(160)	(117)
Settlements and curtailments	-	(39)
Actuarial gain or loss	(1,187)	(2,068)
Deficit in scheme at 31 July	<u>(9,424)</u>	<u>(7,946)</u>

Asset and Liability Reconciliation

	2015	2014
	£'000	£'000
Reconciliation of Liabilities		
Liabilities at start of period	18,762	16,579
Service cost	638	626
Interest cost	801	758
Employee contributions	185	179
Actuarial (gain)/loss	1,552	1,712
Benefits paid	(481)	(1,129)
Unfunded pension payments	(2)	(2)
Curtailments and settlements	-	39
Liabilities at end of period*	<u>21,455</u>	<u>18,762</u>
Reconciliation of Assets		
Assets at start of period	10,816	10,986
Expected return on assets	641	641
Actuarial gain/(loss)	365	(356)
Employer contributions	507	497
Employee contributions	185	179
Benefits paid	(483)	(1,131)
Assets at end of period	<u>12,031</u>	<u>10,816</u>

Deficit contributions

The College has entered into an agreement with the LGPS to make additional contributions of £160,000 per annum in addition to normal funding levels until the next full valuation at which point the situation will be reviewed again.

Notes to the Accounts (continued)

24 Pension and similar obligations

Local Government Pension Scheme (Continued)

History of experience gains and losses

	2015	2014	2013	2012	2011
Difference between the expected and actual return on assets:					
Amount £'000*	365	(356)	1,158	(519)	839
Experience gains and losses on scheme liabilities:					
Amount £'000*	(1)	775	(1)	(1)	541
Total amount recognised in STRGL:					
Amount £'000*	(1,187)	(2,068)	1,499	(2,002)	1,166

25 Post-balance sheet events

There are no post balance sheet events

26 Capital commitments

	Group and College	
	2015 £'000	2014 £'000
Commitments contracted for at 31 July	<u>178</u>	<u>-</u>
Authorised but not contracted at 31 July	<u>NIL</u>	<u>NIL</u>

27 Financial commitments

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

	Group and College	
	2015 £'000	2014 £'000
Land and buildings		
Expiring within one year	-	-
Expiring within two and five years inclusive	-	60
Expiring in over five years	73	-
	<u>73</u>	<u>60</u>
Other		
Expiring within one year	19	12
Expiring within two and five years inclusive	100	125
Expiring in over five years	-	-
	<u>119</u>	<u>137</u>

Notes to the Accounts (continued)

28 Contingent liability

The College had no contingent liabilities as at 31 July 2015.

29 Related party transactions

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

The total expenses paid to or on behalf of the Governors during the year was £1,099.45 ; 4 governors (2014: None;). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2014: None).

Transactions with the funding bodies and HEFCE are detailed in notes 2, 15, 16 and 20.

30 Amounts disbursed as agent

Learner support funds

	2015 £'000	2014 £'000
Funding body grants – hardship support	352	344
Funding body grants – childcare	64	60
Funding body grants – residential bursaries	-	-
Other Funding bodies grants	-	-
Interest earned	-	-
	<u>416</u>	<u>404</u>
Disbursed to students	(221)	(342)
Staffing	-	-
Administration costs	(21)	(24)
Audit fees	-	-
Amount consolidated in financial statements	(68)	-
	<u>106</u>	<u>38</u>
Balance unspent as at 31 July, included in creditors		

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the income and expenditure account. The income and expenditure consolidated in the College's financial statements relates loans bursary funding and loans area cost.