

Amersham and Wycombe College

**Report and Financial Statements
for the year ended 31 July 2016**

Amersham and Wycombe College

Key Management Personnel, Board of Governors and Professional advisers

Key management personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2015/16 and to the date of the approval and signing of these financial statements:

Jackie Watt, Interim Principal and Chief Executive Officer; Accounting officer
Alison Muggridge, Vice Principal – Curriculum and Quality
Adrian Cottrell, Vice Principal – Finance and Resources

Board of Governors

A full list of Governors is given on page 14 of these financial statements.

Mr Ralph Devereux of Market Place Education Ltd acted as Clerk to the Corporation with effect from April 2016.

Professional advisers

Financial statements auditors and reporting accountants:

KPMG LLP
58 Clarendon Road
Watford
Hertfordshire
WD17 1DE

Internal auditors:

RSM
Springpark House
Basing View
Basingstoke
Hampshire
RG21 4HG

Bankers:

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

Solicitors:

Eversheds
1 Wood Street
London
EC2V 7WS

Shakespeare Martineau
No1 Colmore Square
Birmingham
B4 6AA

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Amersham and Wycombe College

STRATEGIC REPORT OF THE GOVERNING BODY

Nature, Objectives and Strategies:

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

Legal status

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

The Corporation was incorporated as Amersham and Wycombe College.

Mission

The College's vision is:

Amersham and 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 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 and Wycombe College is an exempt charity under the Part 3 of the Charities Act 2011 and during the reporting year was regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all FE Corporations in England. Since July 2016, this role has been taken up by the Secretary of State for Education in England. The members of the Governing Body, who are trustees of the charity, are disclosed on page 14.

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.

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Implementation of strategic plan

During the reporting year the College did not follow a separate strategic plan, but instead followed a QIP and Combined Action Plan, which were intended to produce short-term and rapid improvements in the quality of teaching & learning and in financial control respectively.

In December 2016 the College adopted a new strategic plan. This strategic plan includes a Post Inspection Action Plan, Combined Action Plan and a financial Recovery Action Plan. The Corporation monitors the performance of the College against these action plans. These action plans are reviewed and updated each month. The College's continuing strategic objectives are:

- The College and its staff seek to provide its students with the skills and education to succeed in their chosen field of employment.
- To achieve financial stability in order to provide students and their teachers with the resources and infrastructure to provide excellent training and education.

The College is making progress towards achieving these objectives.

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

- Improve governance and financial control – the College has undertaken significant work following the Ofsted inspection in June 2016. The College's internal auditor assessed governance and financial control in December 2016 and concluded that these were adequate.
- Improve the quality of teaching and learning – although there was improvement, the Ofsted inspection rated this as 'Requiring Improvement'. The College has created a Post Inspection Action Plan, which has led to more rapid improvement. The need for further and rapid improvement remains for 2016-2017.

Financial objectives

The College's overriding financial objective is to place itself in the strongest possible financial position ahead of the merger with Aylesbury College, which is planned for March 2017. It is likely that the newly merged college will then experience a short-term dip in financial strength.

The College's other financial objectives are:

- Seek to generate sufficient income, net of direct costs, to meet the costs of financing the Accommodation Strategy, progressing with the campus re-development;
- Providing curriculum teams with sufficient resources to enable them to provide an excellent education;
- To protect the College from adverse changes in grant funding and other income sources.

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

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Performance indicators

| Key financial health targets | 2015/16 | |
|------------------------------|--------------|--------------|
| | Target | Actual |
| Adjusted current ratio | 1.37 | 1.14 |
| EBITA | 0.25% | 1.15% |
| Borrowings as % of income | 17.9% | 16.5% |
| Financial health rating | Satisfactory | Satisfactory |

| Other KPIs | 2015/16 | |
|------------------------------------|---------|--------|
| | Target | Actual |
| Current ratio | 2.65 | 1.62 |
| Unrestricted cash days | 58 | 53 |
| Total cash days | 114 | 111 |
| Performance ratio | 0.09% | 0.87% |
| Dependence on EFA/SFA funding | 70.1% | 63.4% |
| Staff costs as % income (adjusted) | 63.5% | 67.6% |

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.UK website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Skills Funding Agency. The College is assessed by the Skills Funding Agency as having a “Satisfactory” financial health grading. The current rating of ‘Satisfactory’ is considered as an acceptable outcome, only as representing a stage in the path to a ‘Good’ rating.

FINANCIAL POSITION

Financial results

The Group generated a deficit before other gains and losses in the year of £1,530,000 (2014/15 – deficit of £3,395,000), with deficit of total comprehensive income of £4,483,000, (2014/15: deficit of £140,000). This deficit is stated after expenditure of £729,000 (2014/15: £638,000) in respect of a charge arising on the annual valuation of the Local Government Pension Scheme.

The Group has a deficit on accumulated reserves of £1,963,000 and cash and short term investment balances of £4,804,000. The Group wishes to continue to accumulate reserves and cash balances in order to create a contingency fund.

Tangible fixed asset additions during the year amounted to £1,424,000. This was split between land and buildings acquired of £365,000 and equipment purchased of £1,059,000. In the main, this related to the new 3G pitch at the Flackwell Heath campus and the renewal of equipment used for teaching purposes.

The Group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2015/16 the FE funding bodies provided 71.6% of the Group’s total income.

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The College had one subsidiary company, Next Gen Skills Academy Limited. The principal activity of this company was to develop and licence new qualifications intended to provide skilled entrants to the games, animation and VFX sector. Any surpluses generated by the subsidiary are retained by that subsidiary and are not available for distribution to the College. In the reporting year, the deficit generated was £2,000.

Treasury policies and objectives

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

The College has a separate treasury management policy in place.

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

Cash flows and liquidity

There was a net cash out flow from operating activities. The net cash out flow resulted from net expenditure on the College's capital project and on servicing the loan from the College's bankers.

In recent years the College made disposals of land at Chesham (2014) and of part of its land at Amersham (2015) in order to finance a major development at its Flackwell campus in 2013 and to build up working capital. A £3 million loan was also taken out in 2013 to finance the Flackwell campus development.

The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cashflow. However, in recent years there have been sizable cash out flows from operating activities, which has reduced the cushion for servicing debt and undertaking capital development.

Reserves Policy

The College and group have a deficit on total reserves totalling £1,963,000 and on the income and expenditure reserve of £7,231,000. However, this deficit includes the effect of a pension deficit that amounted to £12,885,000 as at 31 July 2016. Excluding the pension deficit, the income and expenditure reserve would amount to £5,654,000.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2015/16 the College has delivered activity that has produced £9,878,000 in funding body main allocation funding (2014/15 – £9,649,000). The College had approximately 1,700 funded and 60 non-funded students.

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Student achievements

Success rates in respect of all qualifications taken by students for the year are shown below.

16-18 year-olds

| Qualification level | 2014/15 | 2015/16 | Provider average |
|---------------------|---------|---------|------------------|
| Level 1 | 71.8% | 70.5% | 75.9% |
| Level 2 | 74.5% | 75.1% | 74.7% |
| Level 3 | 86.8% | 90.2% | 84.7% |

19+ year-olds

| Qualification level | 2014/15 | 2015/16 | Provider average |
|---------------------|---------|---------|------------------|
| Level 1 | 88.6% | 88.9% | 87.7% |
| Level 2 | 90.2% | 88.1% | 85.9% |
| Level 3 | 87.2% | 86.5% | 81.7% |

Success rates are defined as the number of students who gained their qualifications as a percentage of those who started their courses. The provider average is the average of the results for similar providers (general FE colleges) as verified for 2014-2015. The averages for 2015-2016 will probably only be available at some point after Christmas 2016.

Success rates for students at the College were broadly similar to the previous year. The rates for level 2 and level 1 are heavily influenced by the results of English and maths qualifications, where each 16-18 student must study and re-take those subjects, if they do not come to the College with an A to C grade in either.

An overwhelming majority of students coming to the College are aged 16-18 years and study at level 3 (A level equivalent). The success rates for these students rose by over 3% and were over 5% above the provider average.

In contrast, most of the funded adult students are taught by the College's training provider partners, predominantly Barrett Bell and Free to Learn: their success rates were 87.8% and 97.0% respectively. These rates were 2% and 11% above the provider averages respectively.

The College management and staff do recognise that success rates need to improve and this is a priority for the current academic year (2016-2017).

Curriculum developments

The College has a particular strength in the area of creative arts. This area includes: art & design, media, music, performing arts and media make-up. Ofsted recognised that the quality of teaching, learning and assessment in most of these areas was good. The College is looking to develop and to expand the provision in these areas building upon its strong links with universities and with industry partners.

The College is also seeking to expand provision in the area of technology and engineering. However, recruitment to these areas in the 2016-2017 academic year has been disappointing.

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Ofsted inspection

In June 2016 Ofsted inspected the College. The full report of this inspection can be found on the College's website or here <https://reports.ofsted.gov.uk/provider/files/2582392/urn/130608.pdf>

The College was disappointed that Ofsted rated the overall effectiveness of the College as 'Inadequate'. This rating arose primarily as a direct result of the 'Inadequate' rating given to the "effectiveness of leadership and management".

The Ofsted inspectors concluded that governance was not fit for purpose and that tensions between governors and college leaders had led to a long period of unstable leadership. The inspectors noted the poor financial position of the College and found instances of poor financial management and unwise spending.

The full inspection grade ratings are shown below.

| Area of judgement | Ofsted rating |
|--|----------------------|
| Overall effectiveness | Inadequate |
| Effectiveness of leadership and management | Inadequate |
| Quality of teaching, learning and assessment | Requires improvement |
| Personal development, behaviour and welfare | Requires improvement |
| Outcomes for learners | Requires improvement |
| 16 to 19 study programmes | Requires improvement |
| Adult learning programmes | Requires improvement |
| Apprenticeships | Requires improvement |
| Provision for learners with high needs | Good |

The College has prepared a post inspection action plan. This purpose of this plan is to identify and to track the actions needed to deal with the weaknesses identified by Ofsted in a rapid and effective manner. Ofsted visited the College in October 2016 as part of a monitoring and support programme. The purpose of the visit was to assess the post inspection action plan, to assess the impact of actions taken since the full inspection visit in June and to identify any additional actions that the College needs to take in order to become a good college.

In their October 2016 visit, inspectors found clear progress against the main areas of weakness identified in the full inspection report. The full report of the monitoring visit can be found on the College's website or at the link at the top of this page. In particular, against the area of governance and leadership they found:

- A strong leadership team has been established;
- A new Chair and Vice Chair have been appointed;
- The governing body is smaller and there is a clear sub-committee structure;
- The chair provides positive leadership;
- A clear management structure has been established with appointments to all roles confirmed;
- There is a culture of mutual respect between the governing body and senior managers with productive working;
- Staff morale appears to be a strength with confidence in the leadership team.

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There is likely to be another monitoring visit by Ofsted in the early part of 2017.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2015 to 31 July 2016, the College paid 93% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Events after the end of the reporting period

Construction continued on the new 3G football pitch at the Flackwell Heath and was completed in August 2016 in readiness for the 2016-2017 academic year.

Future prospects

The College is seeking to address and remove its substantial operating deficits over a four-year period of which the reporting year was the first year. The College met its broad objective of stabilising its financial position in 2015-2016. Going forward, the College is setting its cost structure and increasing its funded activities to achieve cash-based surpluses and to improve its financial health to 'Good'.

For 2016-2017 the Corporation has set a budget intended to achieve a substantial cash-based surplus and reducing its operating deficit significantly. The College has prepared its budget and monthly cashflow forecast to ensure that it can meet all liabilities arising from its operations and to meet the resource needs of the College. The Corporation is therefore confident that the College is financially viable and that it will continue to be a going concern for the foreseeable future.

The College has set its financial plan for 2017-2018 and beyond based on a modest growth in 16-18 year-old students in the 2016-2017 academic year. However, recruitment of these students by early November had been disappointing and the numbers dropped by 100 from the whole-year outturn for 2015-2016. This reduction in numbers, in combination with other adverse factors, will lead to a reduction in funding for 16-18 year-old students of approximately £800,000. The College is working on a new plan to restore the financial position for 2016-2017 closer to the target originally set by the Corporation.

Amersham and Wycombe College is also looking to merger with its neighbour, Aylesbury College during the 2016-2017 academic year. Such a merger will serve to strengthen the financial position of both colleges. This merger, which is being actively pursued by the Corporation of both colleges, also accords with the recommendation of the local area review. This review is part of a nationwide series of reviews intended to stabilise and strengthen the financial health of all colleges within the further education sector.

With regard to the improved capacity provided by the new building on main site, the College seeks to significantly increase student numbers over the next three years.

The College aims to significantly increase contribution by introducing a number of efficiency schemes across the college site. The College would like to reduce dependency on the funding bodies and is seeking opportunities particularly in the areas where the College currently performs well such as HEFCE and European Commission grants.

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Amersham and Wycombe College has been in receipt of four notices of concern issued by its regulator and funding body, the Skills Funding Agency.

| Date | Notice of concern |
|-----------------|--|
| 7 March 2013 | Schedule 1 - Poor financial health |
| 30 October 2015 | Schedule 2 – Notification of Administered College Status |
| 18 March 2016 | Schedule 3 - Inadequate financial control |
| 3 August 2016 | Schedule 4 - Inadequate Ofsted inspection rating |

Each schedule, which accompanied a notice of concern, comprised a set of actions and targets that needs to be undertaken or achieved and the timescale for doing so. Ultimately, the outcome for not complying with the actions would be a withdrawal of grant funding.

Following the first notice of concern, together with the SFA's concerns regarding the College's financial control, the SFA asked the FE Commissioner to assess the position of the College in accordance with the government's intervention policy. In September 2015 the FE Commission published the report of the assessment and within that report were several recommendations.

The College has created and developed a combined action plan, which sets out all of the actions and targets within the notice of concern schedules, together with actions recorded in the FE Commissioner's report. The action plan then states the progress made against them and includes a risk rating against their expected outcome and against the set timescales.

The Corporation is confident that, the impending merger notwithstanding, the College would be able to meet all of the set conditions and actions within a twelve-month period.

RESOURCES:

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

Tangible resources include the two main campuses at Stanley Hill, Amersham and at Flackwell Heath. The College also rents premises for its Auto Training Centre in High Wycombe. The College also operates its Inspire Centre in High Wycombe. The College gave notice in November 2016 of its intent exercise the break clause in the Inspire Centre lease, the effect of which is to determine that lease on 28 May 2017.

Financial

The College has £1.963 million of net liabilities (including £12.885 million pension liability) and long term debt of £2.48 million.

People

The College employs 213 people (expressed as full time equivalents), of whom 109 are teaching staff.

Reputation

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

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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. They identify 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 risk mitigation actions. 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.

| Principal risk | Status with existing controls | Comments |
|--|-------------------------------|--|
| Failure to recruit sufficient students | High | The recruitment of students has a direct effect on the levels of grant funding available to the College. |
| Teaching and learning falls below good and better | High | This area has been assessed as 'Requires improvement' in the most recent Ofsted inspection. The College is following a post inspection action plan to bring about rapid improvement. |
| Financial health is poor with recurrent deficits and a weak balance sheet position | High | The College's financial health is currently assessed as 'Satisfactory' and, providing that the 2016-17 budget is met, will improve to 'Good'. |
| Poor governance and management | High | This had been assessed as 'Inadequate' by Ofsted in June 2016. Ofsted recorded significant improvement in their monitoring visit in October 2016. |
| Timely information is not available | High | The College relies upon timely and accurate information in order to monitor its performance and to take any necessary corrective action in a timely manner. |

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| Principal risk | Status with existing controls | Comments |
|---|-------------------------------|---|
| Inadequacy of resources | High | The College requires a high standard of accommodation and infrastructure and a sufficient level of equipment and materials in order for teachers to be able to provide a good standard of teaching. |
| Learners are not fully supported in their studies and with their overall college experience | High | Students require a high level of support in areas such as: support funding, advice & guidance, support in the classroom and in exams and to meet any additional and special needs. |

Other risks include:

Government funding -

The College has considerable reliance on continued government funding through the further education sector funding bodies and through HEFCE. In 2015/16, 71.6% of the College's revenue was ultimately publicly 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:

From April 2017 new apprenticeship starts will cease to be directly funded by the Skills Funding Agency. Instead, employers will directly commission and indirectly fund their apprentices.

Currently there is a national decline in the number of 16-18 year-olds. However, from 2022 this is predicted to reverse with significantly increasing numbers. It is likely that the funding per full-time learner will decrease for reasons of affordability. Colleges who do not meet or exceed the national rate of increase will find their overall funding diminish.

Maintain adequate funding of pension liabilities -

The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS 102.

STAKEHOLDER RELATIONSHIPS

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

- Students;
- Education Funding Agency and Skills Funding Agency;
- Department for Education;
- FE Commissioner;
- Staff;
- Local employers;
- Local authorities;
- Buckinghamshire Local Enterprise Partnership (LEP);
- The local community;

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- Other FE institutions;
- Trade unions;
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through the College Internet site and by meetings.

Equal opportunities

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

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

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

The College has a regularly updated Equality & Diversity training programme which all staff undertake. Refresher training and training for new starters is carried out on an ongoing basis.

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Disability statement

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

1. As part of its accommodation strategy the College updated its access audit and the results of this formed the basis of funding capital projects aimed at improving access.
2. The College has Student Welfare Advisors, who provide information, advice and arranges support where necessary for students with disabilities.
3. There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the learning centre.
4. The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
5. The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
6. Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
7. Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

Disclosure of information to auditors

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

Approved by order of the members of the Corporation on 13 December 2016 and signed on its behalf by:

Eddie Weiss

Chair of the Corporation

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Statement of Corporate Governance and Internal Control

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

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges (“the Code”); and
- iii. having due regard to the UK Corporate Governance Code 2014 insofar as it is applicable to the further education sector.

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

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted in 2015.

The governing body has recognised that both it and senior managers were not successful in complying with the Code throughout the year ended 31 July 2016. There were weaknesses and shortcomings in the areas of governance, risk management and financial management, which were reported to the Audit Committee by the College’s Internal Auditors in May 2016. These areas have since been addressed by the newly refreshed governing body and senior managers and significant improvements have been made. The College’s Internal Auditors were asked to assess this progress in December 2016. The Internal Auditors found that ‘reasonable progress’ had been made and that only 1 (a ‘low priority’ item) of the 44 audit recommendations made by them during the year remained outstanding.

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.

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The Corporation

The members who were serving on the Corporation at the date of signature of this report are listed in the table below.

| Corporation member | Appointment date | Term of office | Status of appointment | Committees served | Attendance in 2015-16 |
|------------------------------------|---------------------|----------------|-----------------------|---------------------------------|-----------------------|
| Eddie Weiss (Chair) | April 2016 | 4 years | External | Finance and Recovery | 100% |
| Roy Abraham (Vice-Chair) | October 2011 & 2015 | 4 years | External | Finance and Recovery | 90% |
| David Bainton | October 2015 | 4 years | External | Finance and Recovery (Chair) | 67% |
| Yvette Thomas | October 2011 & 2015 | 4 years | External | None | 60% |
| Alix Simpson | July 2015 | 4 years | External | None | 50% |
| Jackie Watt (Interim Principal) | May 2016 | n/a | Ex-officio | None | 100% |
| Ismail Humphrey | March 2012 & 2016 | 4 years | Staff | None | 100% |
| Steve Heary | October 2016 | 4 years | Staff | None | n/a |

Eddie Weiss also served as a co-opted member of the Audit Committee from November 2015 until April 2016.

In addition, the following persons serve as co-opted members of specified sub-committees.

| Co-opted member | Appointment date | Term of office | Status of appointment | Committees served | Attendance in 2015-16 |
|-----------------|------------------|----------------|-----------------------|----------------------|-----------------------|
| Richard Schmidt | October 2015 | 4 years | External | Audit (Chair) | 44% |
| Dr Peyman Adi | November 2014 | 4 years | Co-opted | Audit | 75% |
| Jim Sims | March 2015 | 4 years | Co-opted | Finance and Recovery | 67% |

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During the reporting year the following persons served as members of the Corporation, but have since resigned.

| Former member of the Corporation | Appointment date | Resigned | Status of appointment | Committees served | Attendance in 2015-16 |
|--|------------------|---------------|-----------------------|----------------------|-----------------------|
| Jenese Joseph (Former Chair) | June 2010 | July 2016 | External | Finance and Recovery | 100% |
| Andrew Walker (Former Vice Chair) | September 2014 | July 2016 | External | Finance and Recovery | 78% |
| Felix Adenaïke (Former Interim Principal) | March 2015 | June 2016 | Ex-officio | Finance and Recovery | 82% |
| Jim Grant | March 2015 | July 2016 | Staff | Audit | 100% |
| J Holland | December 2014 | November 2015 | Student | None | 100% |
| Gabriela Costa | September 2015 | June 2016 | Student | None | 20% |
| Perry Fletcher | September 2015 | June 2016 | Student | None | 40% |
| Richard Lister | March 2010 | May 2016 | External | Audit (Chair) | 86% |
| Stephen Lunn | July 2015 | July 2016 | External | None | 50% |
| Nick Jepson | October 2015 | June 2016 | External | None | 100% |

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

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

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are: Audit, Finance & Recovery, Quality. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website or from the Clerk to the Corporation at:

Amersham and Wycombe College
Stanley Hill
Amersham
Buckinghamshire
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.

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

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

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

Appointments to the Corporation

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

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

Corporation performance

In considering its performance, the Corporation has considered the reports of the internal auditors and Ofsted, which relate to the reporting year and to the period up to the date of signing of these financial statements.

For the majority of the reporting period and certainly to June 2016, the performance of the Corporation was poor and the governance and management of the College was inadequate. Progressively since July 2016, governance and leadership at the College has improved and strengthened significantly and at the date of the signing was satisfactory. This progression has been assessed and recorded by Ofsted in their monitoring visit of 4 October 2016 and the internal auditors' assessment visit of 5 December 2016.

Remuneration Committee

Throughout the year ending 31 July 2016 the College's Remuneration Committee comprised three members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other key management personnel.

Details of remuneration for the year ended 31 July 2016 are set out in note 7 to the financial statements.

Audit Committee

The Audit Committee comprises one member of the Corporation (excluding the Accounting Officer and Chair), together with two co-opted members. The Committee operates in accordance with written terms of reference approved by the Corporation.

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

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

Amersham and Wycombe College

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

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

Internal control

Scope of responsibility

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Amersham and Wycombe College for the year ended 31 July 2016 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has operating with reasonable assurance from May 2016 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation. The College had a system for reviewing risk and associated controls for the whole of the year ended 31 July 2016. However, the College's Internal Auditor judged that only partial assurance could be placed on this prior to May 2016.

Amersham and Wycombe College

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

Review of effectiveness

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

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

The Accounting Officer has been advised on the implications of the result of her review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and other sources of assurance and 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 and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2016 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2016 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2016.

Amersham and Wycombe College

Based on the advice of the Audit Committee and the Accounting Officer, the Corporation is of the opinion that the College has, with effect from July 2016, an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for “*the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets*”.

Going concern

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

The Corporation has considered detailed forecasts to 31 July 2018 and determined that it has sufficient financial funds to undertake the required levels of activity and quality required by its funding bodies and to meet its liabilities as they fall due.

Amersham and Wycombe College is working towards a merger with neighbouring Aylesbury College, which is intended to take place in the latter part of the 2016-2017 academic year. This would be a Type B merger, by which the Corporation of Amersham and Wycombe College would be dissolved, with its assets and liabilities being taken up by Aylesbury College. No decision had been taken by the date of approval of these financial statements. However, under this scenario the College’s existing teaching operations and asset base would continue to be utilised in the merged operation, and accordingly, it is appropriate to prepare the accounts on a going concern basis.

The Corporation has determined that, in the event that the proposed merger does not taken place, Amersham and Wycombe College would be able to continue in operational existence for the foreseeable future.

Approved by order of the members of the Corporation on 13 December 2016 and signed on its behalf by:

Eddie Weiss
Chair of the Corporation

Jackie Watt
Accounting Officer

Amersham and Wycombe College

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

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

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

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

Jackie Watt
Accounting Officer
13 December 2016

Eddie Weiss
Chair of Governors
13 December 2016

Amersham and Wycombe College

Statement of Responsibilities of the Members of the Corporation

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

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

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 Strategic Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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

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

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

Approved by order of the members of the Corporation on 13 December 2016 and signed on its behalf by:

Eddie Weiss
Chair of the Corporation

Amersham and Wycombe College

Independent auditor's report to the Corporation of Amersham and Wycombe College

We have audited the Group and College financial statements ("the financial statements") of Amersham & Wycombe College for the year ended 31 July 2016 set out on pages 25 to 53. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS102, *The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*.

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

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

As explained more fully in the Statement of the Corporation's responsibilities set out on page 21, the Corporation is responsible for the preparation of financial statements which give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2016 and of the College's income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended; and
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education.

Matters on which we are required to report by exception

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

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

Benjamin Stapleton

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

58 Clarendon Road, Watford, Hertfordshire, WD17 1DE

Date

Amersham and Wycombe College

Reporting accountant's report on regularity to the Corporation of Amersham and Wycombe College and the Secretary of State for Education 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 and Wycombe College during the period 1st August 2015 to 31 July 2016 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

This report is made solely to the Corporation of Amersham and 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 and Wycombe College and Skills Funding Agency those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation of Amersham and Wycombe College and Skills Funding Agency for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Amersham and Wycombe College and the reporting accountant

The Corporation of Amersham and 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 1st August 2015 to 31 July 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Amersham and Wycombe College

Reporting accountant's assurance report on regularity (continued)

Approach

We conducted our engagement in accordance with the Joint Audit Code of Practice issued jointly by the 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 1st August 2015 to 31 July 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Benjamin Stapleton

For and on behalf of KPMG LLP, Reporting Accountant
58 Clarendon Road, Watford, Hertfordshire, WD17 1DE

Date

Amersham and Wycombe College

Consolidated statements of comprehensive income

| | Notes | Year ended 31 July 2016 | | Year ended 31 July 2015 | |
|--|-------|----------------------------|------------------|----------------------------|------------------|
| | | Group £'000 | College £'000 | Group £'000 | College £'000 |
| INCOME | | | | | |
| Funding body grants | 2 | 11,504 | 10,500 | 11,640 | 10,258 |
| Tuition fees and education contracts | 3 | 4,028 | 4,028 | 3,253 | 3,253 |
| Other grants and contracts | 4 | - | - | - | - |
| Other income | 5 | 514 | 433 | 192 | 158 |
| Investment income | 6 | 23 | 23 | 22 | 22 |
| Total income | | 16,069 | 14,984 | 15,107 | 13,691 |
| EXPENDITURE | | | | | |
| Staff costs | 7 | 8,248 | 7,583 | 9,077 | 8,338 |
| Fundamental restructuring costs | 7 | 126 | 126 | 365 | 365 |
| Other operating expenses | 8 | 7,461 | 7,047 | 7,462 | 6,770 |
| Depreciation | 10 | 1,346 | 1,338 | 1,205 | 1,205 |
| Interest and other finance costs | 9 | 418 | 418 | 393 | 393 |
| Total expenditure | | 17,599 | 16,512 | 18,502 | 17,071 |
| Deficit before other gains and losses | | (1,530) | (1,528) | (3,395) | (3,380) |
| (Loss)/Profit on disposal of assets | 10 | (80) | (80) | 4,180 | 4,180 |
| (Deficit)/surplus for the year | | (1,610) | (1,608) | 785 | 800 |
| Unrealised surplus on revaluation of assets | | - | - | - | - |
| Actuarial loss in respect of pensions schemes | | (2,873) | (2,873) | (925) | (925) |
| Total Comprehensive Income for the year | | (4,483) | (4,481) | (140) | (125) |
| Represented by: | | | | | |
| Unrestricted comprehensive income | | (4,483) | (4,481) | (140) | (125) |
| Restricted comprehensive income | | - | - | - | - |
| | | (4,483) | (4,481) | (140) | (125) |

Amersham and Wycombe College

Consolidated and College statement of changes in reserves

| | Income and Expenditure account £'000 | Revaluation reserve £'000 | Total £'000 |
|---|---|---------------------------------|----------------|
| Group | | | |
| Balance at 1st August 2014 | (3,060) | 5,720 | 2,660 |
| Surplus from the income and expenditure account | 785 | - | 785 |
| Other comprehensive income | (925) | - | (925) |
| Transfers between revaluation and income and expenditure reserves | 315 | (315) | - |
| | 175 | (315) | (140) |
| Balance at 31st July 2015 | (2,885) | 5,405 | 2,520 |
| (Deficit) from the income and expenditure account | (1,610) | - | (1,610) |
| Other comprehensive income | (2,873) | - | (2,873) |
| Transfers between revaluation and income and expenditure reserves | 137 | (137) | - |
| Total comprehensive income for the year | (4,346) | (137) | (4,483) |
| Balance at 31st July 2016 | (7,231) | 5,268 | (1,963) |
| College | | | |
| Balance at 1st August 2014 | (3,060) | 5,720 | 2,660 |
| Surplus from the income and expenditure account | 800 | - | 800 |
| Other comprehensive income | (925) | - | (925) |
| Transfers between revaluation and income and expenditure reserves | 315 | (315) | - |
| | 190 | (315) | (125) |
| Balance at 31st July 2015 | (2,870) | 5,405 | 2,535 |
| (Deficit) from the income and expenditure account | (1,608) | - | (1,608) |
| Other comprehensive income | (2,873) | - | (2,873) |
| Transfers between revaluation and income and expenditure reserves | 137 | (137) | - |
| Total comprehensive income for the year | (4,344) | (137) | (4,481) |
| Balance at 31st July 2016 | (7,214) | 5,268 | (1,946) |

Amersham and Wycombe College

Balance sheets as at 31 July 2016

| | Notes | Group 2016 £'000 | College 2016 £'000 | Group 2015 £'000 | College 2015 £'000 |
|--|-------|------------------------|--------------------------|------------------------|--------------------------|
| Fixed assets | | | | | |
| Tangible fixed assets | 10 | 13,246 | 13,245 | 13,248 | 13,238 |
| | | 13,246 | 13,245 | 13,248 | 13,238 |
| Current assets | | | | | |
| Stocks | | 30 | 30 | - | - |
| Trade and other receivables | 11 | 636 | 626 | 436 | 427 |
| Cash and cash equivalents | 16 | 4,804 | 4,804 | 5,641 | 5,641 |
| | | 5,470 | 5,460 | 6,077 | 6,068 |
| Less: Creditors – amounts falling due within one year | 12 | (3,378) | (3,350) | (3,473) | (3,439) |
| Net current assets | | 2,092 | 2,110 | 2,604 | 2,629 |
| Total assets less current liabilities | | 15,338 | 15,355 | 15,852 | 15,867 |
| Less: Creditors – amounts falling due after more than one year | 13 | (4,416) | (4,416) | (3,908) | (3,908) |
| Provisions | | | | | |
| Defined benefit obligations | 15 | (12,885) | (12,885) | (9,424) | (9,424) |
| Total net assets | | (1,963) | (1,946) | 2,520 | 2,535 |
| Unrestricted reserves | | | | | |
| Income and expenditure account | | (7,231) | (7,214) | (2,885) | (2,870) |
| Revaluation reserve | | 5,268 | 5,268 | 5,405 | 5,405 |
| Total unrestricted reserves | | (1,963) | (1,946) | 2,520 | 2,535 |

The financial statements on pages 25 to 53 were approved and authorised for issue by the Corporation on 13 December 2016 and were signed on its behalf by

Eddie Weiss
Chair

Jackie Watt
Accounting Officer

Amersham and Wycombe College

Consolidated statement of cash flows

| | Notes | 2016 £'000 | 2015 £'000 |
|---|-------|---------------|----------------|
| Cash inflow from operating activities | | | |
| Surplus/(deficit) for the year | | (1,610) | 785 |
| Adjustment for non cash items | | | |
| Depreciation | | 1,346 | 1,205 |
| (Increase)/decrease in stocks | | (30) | - |
| (Increase)/decrease in debtors | | (200) | 68 |
| Increase/(decrease) in creditors due within one year | | (254) | 1,681 |
| Increase/(decrease) in creditors due after one year | | - | (3,908) |
| Reclassification of capital grant | | - | (1,491) |
| Pensions costs less contributions payable | | 237 | 131 |
| Pensions adjustments | | - | 422 |
| Capital grants released | | (268) | (268) |
| Adjustment for investing or financing activities | | | |
| Investment income | | - | 22 |
| Interest payable | | 418 | (62) |
| Loss on sale of fixed assets | | 80 | - |
| Net cash flow from operating activities | | <u>(281)</u> | <u>(1,415)</u> |
| Cash flows from investing activities | | | |
| Proceeds from sale of fixed assets | | - | 4,358 |
| Capital grants received | | 1,067 | 367 |
| Payments made to acquire fixed assets | | (1,424) | (996) |
| | | <u>(357)</u> | <u>3,729</u> |
| Cash flows from financing activities | | | |
| Interest paid | | (67) | - |
| Repayments of amounts borrowed | | (132) | (128) |
| Capital element of finance lease rental payments | | - | (7) |
| | | <u>(199)</u> | <u>(135)</u> |
| Increase / (decrease) in cash and cash equivalents in the year | | <u>(837)</u> | <u>2,179</u> |
| Cash and cash equivalents at beginning of the year | 16 | 5,641 | 3,462 |
| Cash and cash equivalents at end of the year | 16 | 4,804 | 5,641 |

Amersham and Wycombe College

Notes to the accounts

1. Statement of accounting policies and estimation techniques

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

Basis of preparation

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

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

Transition to the 2015 FE HE SORP

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

An explanation of how the transition to the 2015 FE HE SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the College is provided in note 24.

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

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

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

Amersham and Wycombe College

Notes to the accounts

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiary, Next Gen Skills Academy Limited, controlled by the Group during the year. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have been consolidated because the College controls those activities. All financial statements are made up to 31 July 2016.

Going concern

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

The College currently has £2.6m of loans outstanding with bankers on terms re-negotiated in 2015. This is secured by a fixed charge over the land and buildings at the Amersham campus. The terms of the existing agreement expire in November 2019. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

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

Amersham and Wycombe College is working towards a merger with neighbouring Aylesbury College, which is intended to take place in the latter part of the 2016-2017 academic year. This would be a Type B merger, by which the Corporation of Amersham and Wycombe College would be dissolved, with its assets and liabilities being taken up by Aylesbury College. No decision had been taken by the date of approval of these financial statements. However, under this scenario the College's existing teaching operations and asset base would continue to be utilised in the merged operation, and accordingly, it is appropriate to prepare the accounts on a going concern basis.

The Corporation has determined that, in the event that the proposed merger does not taken place, Amersham and Wycombe College would be able to continue in operational existence for the foreseeable future.

Recognition of income

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

Amersham and Wycombe College

Notes to the accounts

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

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

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

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

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

Accounting for post-employment benefits

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

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

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

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

Short term Employment benefits

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

Amersham and Wycombe College

Notes to the accounts

Enhanced Pensions

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

Non-current Assets - Tangible fixed assets

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

Land and buildings

Freehold buildings are depreciated on a straight line basis over their expected useful lives.

Freehold land is not depreciated.

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

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

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

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

Assets under construction

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

Subsequent expenditure on existing fixed assets

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

Equipment

Equipment costing less than £5,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

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

- technical equipment 5 years
- motor vehicles 5 years
- computer equipment 3 years
- Software 4 years

Amersham and Wycombe College

Notes to the accounts

Borrowing costs

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

Leased assets

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

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

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

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

Investments

Investments in subsidiaries

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

Inventories

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

Cash and cash equivalents

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

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

Financial liabilities and equity

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

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

Amersham and Wycombe College

Notes to the accounts

Foreign currency translation

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

Taxation

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 7% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

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

Provisions and contingent liabilities

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

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

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

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

Agency arrangements

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

Amersham and Wycombe College

Notes to the accounts

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Other key sources of estimation uncertainty

- Tangible fixed assets

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

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 July 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Amersham and Wycombe College

Notes to the accounts

2 Funding council grants

| | Year ended 31 July | | Year ended 31 July | |
|--|--------------------|---------------|--------------------|---------------|
| | 2016 | 2016 | 2015 | 2015 |
| | Group | College | Group | College |
| | £'000 | £'000 | £'000 | £'000 |
| Recurrent grants | | | | |
| Skills Funding Agency | 2,353 | 2,353 | 3,047 | 3,047 |
| Education Funding Agency | 7,525 | 7,525 | 6,602 | 6,602 |
| Higher Education Funding Council | 209 | 209 | 72 | 72 |
| Specific Grants | | | | |
| Skills Funding Agency non recurrent grant | 91 | 91 | 218 | 218 |
| Education Funding Agency non recurrent grant | 54 | 54 | 51 | 51 |
| Releases of government capital grants | 268 | 268 | 268 | 268 |
| Employer Ownership Pilot Grant | 1,004 | - | 1,382 | - |
| Total | 11,504 | 10,500 | 11,640 | 10,258 |

3 Tuition fees and education contracts

| | Year ended 31 July | | Year ended 31 July | |
|------------------------------------|--------------------|--------------|--------------------|--------------|
| | 2016 | 2016 | 2015 | 2015 |
| | Group | College | Group | College |
| | £'000 | £'000 | £'000 | £'000 |
| Adult education fees | 211 | 211 | 270 | 270 |
| Apprenticeship fees and contracts | 117 | 117 | 149 | 149 |
| Fees for FE loan supported courses | 814 | 814 | 676 | 676 |
| Fees for HE loan supported courses | 959 | 959 | 1,088 | 1,088 |
| Full cost fees | 272 | 272 | 279 | 279 |
| Total tuition fees | 2,373 | 2,373 | 2,462 | 2,462 |
| Education contracts | 1,655 | 1,655 | 791 | 791 |
| Total | 4,028 | 4,028 | 3,253 | 3,253 |

4 Other grants and contracts

| | Year ended 31 July | | Year ended 31 July | |
|----------------------------|--------------------|----------|--------------------|----------|
| | 2016 | 2016 | 2015 | 2015 |
| | Group | College | Group | College |
| | £'000 | £'000 | £'000 | £'000 |
| European Commission | - | - | - | - |
| Other grants and contracts | - | - | - | - |
| Total | - | - | - | - |

Amersham and Wycombe College

Notes to the accounts

5 Other income

| | Year ended 31 July 2016 | | Year ended 31 July 2015 | |
|------------------------------------|----------------------------|------------------|----------------------------|------------------|
| | Group £'000 | College £'000 | Group £'000 | College £'000 |
| Catering and residences | 12 | 12 | 12 | 12 |
| Other income generating activities | 34 | 34 | 28 | 28 |
| Other grant income | - | - | 31 | 31 |
| Miscellaneous income | 468 | 387 | 121 | 87 |
| | 514 | 433 | 192 | 158 |

6 Investment income

| | Year ended 31 July 2016 | | Year ended 31 July 2015 | |
|---------------------------|----------------------------|------------------|----------------------------|------------------|
| | Group £'000 | College £'000 | Group £'000 | College £'000 |
| Other interest receivable | 23 | 23 | 22 | 22 |
| | 23 | 23 | 22 | 22 |

Amersham and Wycombe College

Notes to the accounts

7 Staff costs

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

| | 2016 | 2015 |
|--------------------|-------------|-------------|
| | No. | No. |
| Teaching staff | 109 | 112 |
| Non teaching staff | 104 | 116 |
| | <u>213</u> | <u>228</u> |

Staff costs for the above persons

| | 2016 | 2015 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Wages and salaries | 6,266 | 7,149 |
| Social security costs | 495 | 510 |
| Other pension costs | 1,119 | 1,050 |
| Payroll sub total | <u>7,880</u> | <u>8,709</u> |
| Contracted out staffing services | 368 | 368 |
| | <u>8,248</u> | <u>9,077</u> |
| Fundamental restructuring costs - contractual | 39 | 179 |
| non contractual | 87 | 186 |
| | <u>8,374</u> | <u>9,442</u> |

Key management personnel

Key management personnel (including interim staff) are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Executive Team which comprises the Principal, Vice Principal Finance and Resources and the Vice Principal Curriculum and Quality. During the year there have been various changes in the Team (filled by Permanent staff and Interim staff). Interim costs are not included within wages and salaries, but are shown within contracted out staffing services. Staff costs include compensation paid to key management personnel for loss of office.

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

| | 2016 | 2015 |
|--|-------------|-------------|
| | No. | No. |
| The number of key management personnel including the Accounting Officer was: | <u>7</u> | <u>4</u> |

Amersham and Wycombe College

Notes to the accounts

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

| | Key management personnel | | Other staff | |
|----------------------|--------------------------|-------------|-------------|-------------|
| | 2016 No. | 2015 No. | 2016 No. | 2015 No. |
| £15,001 to £20,000 | 2 | - | - | - |
| £20,001 to £30,000 | 1 | 2 | - | - |
| £30,001 to £50,000 | 2 | - | - | - |
| £50,001 to £70,000 | - | 1 | 1 | 2 |
| £70,001 to £80,000 | - | - | - | - |
| £80,001 to £90,000 | 1 | 1 | - | - |
| £90,001 to £100,000 | - | 1 | - | - |
| £100,001 to £120,000 | 1 | - | - | - |
| | <u>7</u> | <u>5</u> | <u>1</u> | <u>2</u> |

For the reporting year there were 3 key management personnel posts. However, during the year 7 members of staff filled these posts at various points of the year.

Key management personnel compensation is made up as follows:

| | 2016 £'000 | 2015 £'000 |
|------------------------------|---------------|---------------|
| Salaries | 329 | 258 |
| Employers National Insurance | 21 | 28 |
| Benefits in kind | - | - |
| | <u>350</u> | <u>286</u> |
| Pension contributions | 22 | 32 |
| Total emoluments | <u>372</u> | <u>318</u> |

Various key management personnel were employed through an employment agency. The compensation stated above includes the amounts paid to those agencies. No amounts due to those individuals were waived during the year and no salary sacrifice arrangements were in place.

The above compensation includes amounts paid to or in respect of (through an agency) two persons who acted as Accounting Officer during the year of:

| | 2016 £'000 | 2015 £'000 |
|-----------------------|---------------|---------------|
| Salaries | 144 | 110 |
| Benefits in kind | - | - |
| | <u>144</u> | <u>110</u> |
| Pension contributions | <u>13</u> | <u>13</u> |

Compensation for loss of office paid to former key management personnel

| | 2016 £ | 2015 £ |
|--|-----------|-----------|
| Compensation paid to the former post-holder - contractual | 53 | 30 |
| Estimated value of other benefits, including provisions for pension benefits | 49 | 18 |

Amersham and Wycombe College

Notes to the accounts

The severance payment was approved by the Corporation who acted in accordance with advice obtained from the College's solicitor when determining the arrangement.

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.

8 Other operating expenses

| | Year ended 31 July 2016 | | Year ended 31 July 2015 | |
|--------------------|----------------------------|------------------|----------------------------|------------------|
| | Group £'000 | College £'000 | Group £'000 | College £'000 |
| Teaching costs | 3,607 | 3,607 | 3,280 | 3,280 |
| Non teaching costs | 2,982 | 2,596 | 3,283 | 2,620 |
| Premises costs | 872 | 844 | 899 | 870 |
| Total | 7,461 | 7,047 | 7,462 | 6,770 |

Other operating expenses include:

| | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Auditors' remuneration: | | |
| Financial statements audit | 29 | 27 |
| Internal audit | 32 | 34 |
| Other services provided by the financial statements auditors | 1 | 1 |
| Other services provided by the internal auditors | 3 | - |
| Hire of assets under operating leases | 124 | 127 |

The financial statements auditors also undertook the Teachers' Pensions audit

The Internal auditors also undertook the Creative Skillset Funding Audit

9 Interest payable

| | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| On bank loans, overdrafts and other loans: | 67 | 62 |
| | <u>67</u> | <u>62</u> |
| On finance leases | - | - |
| Pension finance costs (note 21) | 351 | 331 |
| Total | 418 | 393 |

Amersham and Wycombe College

Notes to the accounts

10 Tangible fixed assets (group)

| | Land and buildings | | | Assets in the Course of Construction | Total |
|---|--------------------|-------------------|--------------|--|---------------|
| | Freehold | Long leasehold | Equipment | | |
| | £'000 | £'000 | £'000 | | |
| Cost or valuation | | | | | |
| At 1 August 2015 | 19,812 | - | 7,957 | - | 27,769 |
| Additions | 40 | - | 1,059 | 325 | 1,424 |
| Disposals (see below) | (3,065) | - | (963) | - | (4,028) |
| At 31 July 2016 | 16,787 | - | 8,053 | 325 | 25,165 |
| Depreciation | | | | | |
| At 1 August 2015 | 8,498 | - | 6,023 | - | 14,521 |
| Charge for the year | 672 | - | 674 | - | 1,346 |
| Elimination in respect of disposals (see below) | (2,986) | - | (962) | - | (3,948) |
| At 31 July 2016 | 6,184 | - | 5,735 | - | 11,919 |
| Net book value at 31 July 2016 | 10,603 | - | 2,318 | 325 | 13,246 |
| Net book value at 31 July 2015 | 11,314 | - | 1,934 | - | 13,248 |

Tangible fixed assets (College only)

| | Land and buildings | | | Assets in the Course of Construction | Total |
|---|--------------------|-------------------|--------------|--|---------------|
| | Freehold | Long leasehold | Equipment | | |
| | £'000 | £'000 | £'000 | | |
| Cost or valuation | | | | | |
| At 1 August 2015 | 19,812 | - | 7,946 | - | 27,758 |
| Additions | 40 | - | 1,059 | 325 | 1,424 |
| Disposals (see below) | (3,065) | - | (963) | - | (4,028) |
| At 31 July 2016 | 16,787 | - | 8,042 | 325 | 25,154 |
| Depreciation | | | | | |
| At 1 August 2015 | 8,498 | - | 6,022 | - | 14,520 |
| Charge for the year | 672 | - | 666 | - | 1,338 |
| Elimination in respect of disposals (see below) | (2,986) | - | (962) | - | (3,948) |
| At 31 July 2016 | 6,184 | - | 5,726 | - | 11,910 |
| Net book value at 31 July 2016 | 10,603 | - | 2,316 | 325 | 13,245 |
| Net book value at 31 July 2015 | 11,314 | - | 1,924 | - | 13,238 |

The loan from Barclays Bank Plc was secured by a charge over the land and buildings at the Amersham campus.

The disposals shown with cost and depreciation categories for freehold land and buildings include £2.9 million relating to assets sold in prior periods. These assets were held at a nil value since their original sale.

Amersham and Wycombe College

Notes to the accounts

11 Debtors

| | Group 2016 £'000 | College 2016 £'000 | Group 2015 £'000 | College 2015 £'000 |
|--------------------------------------|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| Amounts falling due within one year: | | | | |
| Trade receivables | 79 | 69 | 296 | - |
| Amounts owed by group undertakings: | | | | |
| Subsidiary undertakings | - | - | - | 287 |
| Prepayments and accrued income | 557 | 557 | 140 | 140 |
| Total | <u>636</u> | <u>626</u> | <u>436</u> | <u>427</u> |

12 Creditors: amounts falling due within one year

| | Group 2016 £'000 | College 2016 £'000 | Group 2015 £'000 | College 2015 £'000 |
|---|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| Bank loans and overdrafts | 132 | 132 | 128 | 128 |
| Payments in Advance | 11 | 11 | 32 | 32 |
| Trade payables | 897 | 897 | 93 | 93 |
| Amounts owed to group undertakings: | | | | |
| Subsidiary undertakings | - | 4 | - | 4 |
| Other taxation and social security | 219 | 209 | 157 | 147 |
| Accruals and deferred income | 661 | 642 | 1,588 | 1,563 |
| Deferred income - government capital grants | 353 | 353 | 198 | 198 |
| Amounts owed to the Skills Funding Agency | 401 | 401 | 357 | 357 |
| Other creditors | 704 | 701 | 920 | 917 |
| Total | <u>3,378</u> | <u>3,350</u> | <u>3,473</u> | <u>3,439</u> |

Amersham and Wycombe College

Notes to the accounts

13 Creditors: amounts falling due after one year

| | Group 2016 £'000 | College 2016 £'000 | Group 2015 £'000 | College 2015 £'000 |
|---|------------------------|--------------------------|------------------------|--------------------------|
| Bank loans | 2,480 | 2,480 | 2,616 | 2,616 |
| Deferred income - government capital grants | 1,936 | 1,936 | 1,292 | 1,292 |
| Total | <u>4,416</u> | <u>4,416</u> | <u>3,908</u> | <u>3,908</u> |

14 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

| | Group 2016 £'000 | College 2016 £'000 | Group 2015 £'000 | College 2015 £'000 |
|----------------------------|------------------------|--------------------------|------------------------|--------------------------|
| In one year or less | 132 | 132 | 128 | 128 |
| Between one and two years | 132 | 132 | 128 | 128 |
| Between two and five years | 396 | 396 | 384 | 384 |
| In five years or more | 1,952 | 1,952 | 2,104 | 2,104 |
| Total | <u>2,612</u> | <u>2,612</u> | <u>2,744</u> | <u>2,744</u> |

The bank loan is repayable by equal quarterly instalments of £32,967 with interest payable at a rate of 2% over LIBOR until October 2019. In November 2019 a final repayment of £2,175,824 is payable. The College intends to re-finance the debt at or prior to that date.

The loan is secured by a charge on land and buildings at the Amersham campus.

15 Provisions (Group and College)

| | Group and College | | |
|------------------------|--|-----------------|----------------------|
| | Defined benefit Obligations £'000 | Other £'000 | Total £'000 |
| At 1 August 2015 | 9,424 | - | 9,424 |
| Movement in the period | 3,461 | . | 3,461 |
| At 31 July 2016 | <u>12,885</u> | <u>-</u> | <u>12,885</u> |

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme (LGPS). Further details are given in Note 21.

Amersham and Wycombe College

Notes to the accounts

The principal assumptions for this calculation are:

| | 2016 | 2015 |
|-----------------|-------|-------|
| Price inflation | 2.20% | 2.60% |
| Discount rate | 2.60% | 3.80% |

16 Cash and cash equivalents

| | At 1 August 2015 £'000 | Cash flows £'000 | At 31 July 2016 £'000 |
|---------------------------|------------------------------|------------------------|-----------------------------|
| Cash and cash equivalents | 5,641 | (837) | 4,804 |
| Total | 5,641 | (837) | 4,804 |

17 Capital commitments (Group and College)

| | 2016 £'000 | 2015 £'000 |
|---------------------------------------|---------------|---------------|
| Commitments contracted for at 31 July | 89 | 178 |

18 Lease obligations (Group and College)

| | 2016 £'000 | 2015 £'000 |
|---|---------------|---------------|
| Future minimum lease payments due | | |
| Land and buildings | | |
| Not later than one year | 83 | 73 |
| Later than one year and not later than five years | 292 | 292 |
| later than five years | 207 | 280 |
| | <u>582</u> | <u>645</u> |
| Other | | |
| Not later than one year | 78 | 119 |
| Later than one year and not later than five years | 49 | 63 |
| later than five years | - | - |
| | <u>127</u> | <u>182</u> |

Amersham and Wycombe College

Notes to the accounts

19 Contingent liabilities

As part of the College's capital project a hockey pitch and clubhouse is being constructed on land at the Amersham campus, which the College has leased to Amersham AGP Ltd. The construction is being financed by Amersham and Chalfont Hockey Community Sports Club Ltd, Sport England and the Hockey Federation. The funding of the project is reliant upon Amersham AGP Ltd being able to reclaim a high proportion of the VAT on construction costs. In the event that the reclaim falls below 95%, the College has undertaken to contribute up to £50,000 towards the additional costs so incurred.

20 Events after the reporting period

On 9 August 2016 the College terminated its membership of Next Gen Skills Academy Limited. This was undertaken in agreement with the directors and with the employer group of that company to allow the assets, intellectual property and liabilities of the company to be transferred to new form of legal entity, which would facilitate investment by external investors.

Amersham and Wycombe College

Notes to the accounts

21 Defined benefit obligations

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

| Total pension cost for the year | 2016 £'000 | 2015 £'000 |
|--|-----------------------|-----------------------|
| Teachers Pension Scheme: contributions paid | 381 | 414 |
| Local Government Pension Scheme: | | |
| Contributions paid | 501 | 505 |
| FRS 102 (28) charge | 237 | 131 |
| Charge to the Statement of Comprehensive Income | 738 | 636 |
| Enhanced pension charge to Statement of Comprehensive Income | - | - |
| Total Pension Cost for Year | 1,119 | 1,050 |

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 £105,000 (2015 £101,000) were payable to the scheme at 31st July and are included within creditors.

Teachers' Pension Scheme

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

The Teachers' Pension Budgeting and Valuation Account

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

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

Amersham and Wycombe College

Notes to the accounts

Valuation of the Teachers' Pension Scheme

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

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

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

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

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

Scheme Changes

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

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

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

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

The pension costs paid to TPS in the year amounted to £381,000 (2015: £414,000)

FRS 102 (28)

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

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

Amersham and Wycombe College

Notes to the accounts

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Buckinghamshire Local Authority. The total contributions made for the year ended 31 July 2016 were £664,000, of which employer's contributions totalled £501,000 and employees' contributions totalled £163,000. The agreed contribution rates for future years are 17.3% for employers and range from 5.5% to 7.5% for employees, depending on salary.

Principal Actuarial Assumptions

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

| | At 31 July 2016 | At 31 July 2015 |
|--------------------------------------|--------------------|--------------------|
| Rate of increase in salaries | 4.00% | 4.40% |
| Future pensions increases | 2.20% | 2.60% |
| Discount rate for scheme liabilities | 2.60% | 3.80% |
| Inflation assumption (CPI) | 2.20% | 2.60% |
| Commutation of pensions to lump sums | 50% | 50% |

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

| | At 31 July 2016 | At 31 July 2015 |
|-----------------------------|--------------------|--------------------|
| | years | years |
| <i>Retiring today</i> | | |
| Males | 23.80 | 23.70 |
| Females | 26.20 | 26.10 |
| <i>Retiring in 20 years</i> | | |
| Males | 26.10 | 26.00 |
| Females | 28.50 | 28.40 |

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

| | Fair Value at 31 July 2016 | Fair Value at 31 July 2015 |
|-------------------------------------|-------------------------------|-------------------------------|
| | £'000 | £'000 |
| Gilts | 1,744 | 1,465 |
| UK Equities | 1,252 | 1,323 |
| Overseas Equities | 5,033 | 4,545 |
| Private Equity | 1,035 | 758 |
| Other Bonds | 1,627 | 1,499 |
| Property | 1,095 | 953 |
| Cash | 442 | 403 |
| Alternative Assets | 92 | 166 |
| Hedge Funds | 518 | 435 |
| Absolute Return Portfolio | 548 | 484 |
| Total market value of assets | 13,386 | 12,031 |
| Actual return on plan assets | (855) | (627) |

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Notes to the accounts

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

| | 2016 | 2015 |
|---|------------------------|-----------------------|
| | £'000 | £'000 |
| Fair value of plan assets | 13,386 | 12,031 |
| Present value of plan liabilities | (26,254) | (21,438) |
| Present value of unfunded obligation | (17) | (17) |
| Net pensions (liability)/asset (Note 15) | <u>(12,885)</u> | <u>(9,424)</u> |

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

| | 2016 | 2015 |
|--|-------------------|-------------------|
| | £'000 | £'000 |
| Amounts included in staff costs | | |
| Current service cost | 666 | 638 |
| Past service cost | 63 | - |
| Total | <u>729</u> | <u>638</u> |

Amounts included in investment income

| | | |
|------------------------------|-------------------|-------------------|
| Net interest income (note 9) | 351 | 331 |
| | <u>351</u> | <u>331</u> |

Amount recognised in Other Comprehensive Income

| | | |
|---|-----------------------|---------------------|
| Return on pension plan assets | 855 | 627 |
| Experience losses arising on defined benefit obligations | - | (1) |
| Changes in assumptions underlying the present value of plan liabilities | (3,728) | (1,551) |
| Amount recognised in Other Comprehensive Income | <u>(2,873)</u> | <u>(925)</u> |

Amersham and Wycombe College

Notes to the accounts

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

| | 2016 | 2015 |
|---|------------------------|-----------------------|
| | £'000 | £'000 |
| Surplus/(deficit) in scheme at 1 August | (9,424) | (7,946) |
| Movement in year: | | |
| Current service cost | (729) | (638) |
| Employer contributions | 501 | 505 |
| Unfunded pension cost | - | 2 |
| Net interest on the defined (liability)/asset | (351) | (331) |
| Administration costs | (9) | (91) |
| Return on Fund assets in excess of interest | 855 | 627 |
| Change in financial assumptions | (3,728) | (1,551) |
| Experience (loss) on defined benefit obligation | - | (1) |
| Net defined benefit (liability)/asset at 31 July | <u>(12,885)</u> | <u>(9,424)</u> |

Asset and Liability Reconciliation

| | 2016 | 2015 |
|--|----------------------|----------------------|
| | £'000 | £'000 |
| Changes in the present value of defined benefit obligations | | |
| Defined benefit obligations at start of period | 21,455 | 18,762 |
| Current Service cost | 666 | 638 |
| Interest cost | 809 | 801 |
| Contributions by Scheme participants | 163 | 185 |
| Experience gains and losses on defined benefit obligations | - | 1 |
| Changes in financial assumptions | 3,728 | 1,551 |
| Estimated benefits paid | (611) | (481) |
| Past Service cost including curtailments | 63 | - |
| Unfunded pension payments | (2) | (2) |
| Defined benefit obligations at end of period | <u>26,271</u> | <u>21,455</u> |

Reconciliation of Assets

| | | |
|---|----------------------|----------------------|
| Fair value of plan assets at start of period | 12,031 | 10,816 |
| Interest on plan assets | 458 | 470 |
| Return on plan assets | 855 | 627 |
| Employer contributions | 501 | 507 |
| Administration expenses | (9) | (91) |
| Contributions by Scheme participants | 163 | 185 |
| Estimated benefits paid | (613) | (483) |
| Assets at end of period | <u>13,386</u> | <u>12,031</u> |

Amersham and Wycombe College

Notes to the accounts

22 Related party transitions

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 £2,042; 2 governors (2015: £1,099; 4 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2015: None).

23 Amounts disbursed as agent

Learner support funds

| | 2016 | 2015 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Funding body grants – bursary support | 339 | 352 |
| Funding body grants – discretionary learner support | 67 | 64 |
| Funding body grants – Free School Meals | 104 | 90 |
| Funding body grants – residential bursaries | - | - |
| Other Funding body grants | 30 | - |
| Interest earned | - | - |
| | 540 | 506 |
| Disbursed to students | (214) | (265) |
| Administration costs | (13) | (21) |
| Amounts consolidated in financial statements | (94) | (68) |
| Balance unspent as at 31 July, included in creditors | 219 | 152 |

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

24 Transition to FRS 102 and the 2015 FE HE SORP

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

Amersham and Wycombe College

Notes to the accounts

An explanation of how the transition to FRS 102 and the 2015 FE HE SORP has affected the College's financial position, financial performance and cash flows, is set out below. The reconciliations below also include a prior year adjustment in relation to fixed assets as detailed below.

| | 1st August 2014 | | 31st July 2015 | |
|--|-----------------|------------------|----------------|------------------|
| | Group £'000 | College £'000 | Group £'000 | College £'000 |
| Financial Position | | | | |
| Total reserves under previous SORP | 3,512 | 3,512 | 3,380 | 3,387 |
| Employee leave accrual (a) | (442) | (442) | (450) | (442) |
| Fixed assets - prior year adjustment (d) | (410) | (410) | (410) | (410) |
| Total effect of transition to FRS 102 and 2015 FE HE SORP | (852) | (852) | (860) | (852) |
| Total reserves under 2015 FE HE SORP | 2,660 | 2,660 | 2,520 | 2,535 |

| | Year ended 31st July 2015 | |
|---|---------------------------|------------------|
| | Group £'000 | College £'000 |
| Financial Performance | | |
| Surplus for the year after tax under previous SORP | 1,055 | 1,062 |
| Changes to measurement of net finance cost on defined benefit plans (b) | (331) | (331) |
| Depreciation - prior year adjustment (d) | 69 | 69 |
| Employee leave accrual (a) | (8) | - |
| Total effect of transition to FRS 102 and 2015 FE HE SORP | (270) | (262) |
| Total surplus for the year under 2015 FE HE SORP | 785 | 800 |

a) Recognition of short term employment benefits

No provision for short term employment benefits such as holiday pay was made under the previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. The annual leave year runs to 31st August each year for both teaching and non-teaching staff meaning that, at the reporting date, there was an average of 20 days unused leave for teaching staff and 15 days unused leave for non-teaching staff. The cost of any unused entitlement is recognised in the period in which the employee's services are received. An accrual of £442,000 was recognised at 1 August 2014, and £450,000 at 31 August 2015. Following a re-measurement exercise in 2015/16, the movement on this provision of £18,000 has been charged to Comprehensive Income in the year ended 31 July 2016.

Amersham and Wycombe College

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b) Change in recognition of defined benefit plan finance costs

The net pension finance cost recognised in the Income and Expenditure account for the year ended 31st July 2015 under the previous UK GAAP was the net of the expected return on pension plan assets and the interest on pension liabilities. FRS 102 requires the recognition in the Statement of Comprehensive Income, of a net interest cost, calculated by multiplying the net plan obligations by the market yield on high quality corporate bonds (the discount rate applied). The change has had no effect on net assets as the measurement of the net defined benefit plan obligation has not changed. Instead, the decrease in the surplus for the year has been mirrored by a reduction in the actuarial losses presented within Other Comprehensive Income.

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

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

d) Prior year adjustment

The accounts reflect a prior year adjustment for an error in relation to fixed assets. In accordance with FRS 102, the Corporation determined that this was material and accordingly have re-stated relevant comparative numbers. The error related to assets with a net book value of £410k that were not properly expensed against disposal proceeds, which arose prior to the group's transition to FRS 102.