WEST SUFFOLK COLLEGE

Report and financial statements for the year ended 31 July 2016

Key Management Personnel, Board of Governors and Professional Advisors

Key management personnel

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

Dr Nikos Savvas Principal and CEO; Accounting Officer

Martyn Wagner Deputy Principal to 31 May 2016

Jules Bridges Clerk to the Corporation and College Secretary

Lindsey Johnson Vice Principal Curriculum and Quality

Stephen Jones Vice Principal Finance and Resources

Laraine Moody Vice Principal Employer Engagement

Board of Governors

A full list of Governors is given on page 15 of these financial statements.

Professional Advisers

Financial statements auditors and reporting accountants:	RSM UK Audit LLP Abbotsgate House Hollow Road BURY ST EDMUNDS Suffolk IP32 7FA
Internal auditors:	Scrutton Bland Fitzroy House Crown Street IPSWICH Suffolk IP1 3LG
Bankers:	Lloyds TSB Bank plc. Endeavour House Chivers Way Histon CAMBRIDGE CB24 9ZR
Solicitors:	Hewitsons Shakespeare House 42 Newmarket Road CAMBRIDGE CB5 8EP

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WEST SUFFOLK COLLEGE
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 West Suffolk College. The College is an exempt charity for the purposes of the Charities Act 2011.

Mission

The primary purpose of West Suffolk College is to deliver outstanding education that inspires individual excellence and serves our society.

The College vision is to put learners and their success at the heart of everything we do.

Public Benefit

West Suffolk College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education as Principal Regulator for all FE Corporations in England. The members of the Corporation, who are trustees of the charity, are disclosed on page 15.

In setting and reviewing the College's strategic objectives, the Corporation 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 records for students
- Strong student support systems
- Links with employers, industry and commerce.

Implementation of strategic plan

In July 2014 the Corporation approved a new Strategic Vision which set the following goals:

On our journey to outstanding, consolidate our position as "good" according to Ofsted criteria

- Ensure our learners and their success is at the heart of everything we do.
- Achieve consistency in high quality across everything we do by developing a culture of excellence.
- Embed appropriate and rigorous staff continuous professional development and performance reviews.
- Ensure that we have an active dialogue with our stakeholders and use their feedback to help shape continuous improvement.

Secure our future

- Invest and upgrade our existing estate.
- Identify and work towards growth and income diversification.
- Identify and work towards increasing collaboration with others.

The Corporation monitors the performance of the College against this plan. The plan is reviewed and updated each year.

The College's specific objectives for 2015/16 were set out in the Financial Forecast 2015/16 which was approved by the Corporation in July 2015. It is monitored directly by the Principal on a termly basis and reported to the Corporation as an exception report.

Financial Objectives for year to 31 July 2016

The following financial objectives were approved at the meeting of the Corporation on 17 July 2015:

1. The College generates a minimum break-even in the three year period;

   For the three year period ended July 2016, the College generated a pre-pension FRS102 surplus of £2.607m. This figure includes a number of other FRS102 adjustments such as the credit of £1.85m in respect of the grant value relating to the land at the Vintens site. If all FRS102 adjustments (including pension figures) are excluded then the three year surplus excluding pension adjustments is £0.757m

2. The budgets plan for positive cash generation which will enable the College to contribute to capital funding which is available from the LEP

   The budget and plan for 2015-16 predicted a positive cash generation and the actual outturn was higher than the budgeted surplus although net cash generated was reduced by investment in assets

3. The College will maintain the current asset ratio in excess of 1 excluding the effect of any impact of FRS102 changes;

   The current asset ratio for the year was achieved with a post FRS102 figure of 1.2 but with FRS102 excluded (as per last year) the figure increases to 1.6

4. Cash days in hand will be maintained at a minimum of 35 at the end of each month.

   Cash days in hand were always maintained above 40 days during the year and stood at 48 days at the year end.

5. All loan covenant requirements will be satisfied.

   All bank covenants were met during the year.

Student Achievement

Ofsted undertook a further education and skills inspection in May 2016 and confirmed the College's self-assessment rating as "Good". There are robust and effective systems in place to monitor the College's Key Performance Indicators. The majority of Level 3 16-18 year olds (1,497) are enrolled on Diplomas and the Achievement is 7% above National Rate (NR) at 92%, continuing improvements. DfE confirmed that the Value Added per qualification for year 13 leavers was equivalent to a Distinction^{-} grade, improving from Merit^{+} in the previous year. Study Programme's for 16-19 year olds met condition of funding by more than 99%. All maths and English pass rates significantly increased from 14/15 results, and all are above NR.

Subject	Age Group	Leavers	Pass%	Pass % NR
GCSE English	16-18	614	53	28
	19+	156	70	47
GCSE Maths	16-18	586	32	31
	19+	230	63	58
Functional Skills English	16-18	494	84	74
	19+	274	86	65
Functional Skills Maths	16-18	780	91	67
	19+	385	84	55

Apprenticeship achievement has also improved dramatically this year as a result of improvements in functional skills attainment which are now front-loaded in the framework.

Subject	Age Group	Leavers	Ach%	Ach% NR
Apprentice	16-18	130	82	71
	19+	111	76	71
Advanced Apprentice	16-18	99	83	75
	19+	139	73	70

FINANCIAL POSITION

Financial Results

The College's accounts comply with FRS102 this year and combined with pension adjustments, these mask the true underlying financial performance of the College in both 2015/16 and 2014/15. Excluding pension and FRS102 adjustments, the College generated a retained surplus for the year of £377,000 (2014/15 £88,000).

The financial statements for 2015/16 allow for under-utilisation of Apprenticeship allocation of £463,000. This was due to a combination of an award of £449,000 of supplementary apprenticeship allocation that was made in the last quarter of the year which made it more logistically difficult to consume and also due to a reluctance on the part of the College to proceed with apprenticeship activity for which in the early part of 2016 there was no guarantee of funding above allocation.

Treasury Policies and Objectives

The College has a treasury management policy approved by Governors which outlines how the College will manage its cash flows, its banking and money market and capital transactions, together with the effective control of risks associated with those activities. The College invests its surplus cash balances in the money market through Lloyds. The Corporation has considered alternative investment areas but consider that the risks and the practical difficulties of moving money around will undermine any marginal benefit. The Resources Committee receives a key performance indicator report which includes full details of levels of investment with regard to treasury management.

Cash Flows

The cashflow from operating activities during the year was £1,293,000 (Restated for 2014/15 reduction £590,000) but as with 2014/15, this cash inflow was offset by financing costs and investment in capital, giving a net reduction in cash for the year of £1,240,000 (net reduction of £452,000 in 2014/15).

Liquidity

The College's liquid assets have reduced during the year in order to finance investment in new buildings and other equipment, in particular the purchase of the freehold of land and buildings used by Suffolk One, where a decision was made to fund this from cash flow without increasing the College's loans. Without this purchase the College would have had a positive cash flow of £260k. Planned future positive cash flows will be important in order to continue investment in buildings and facilities.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student Numbers

In 2015/16 the College has delivered courses that have earned £17,617,083 in the funding bodies' main allocations (2014/15 £17,418,244). The College enrolled 2,793 16-18 year olds and 2,140 19+ Classroom Based Learners, 1,722 Apprentices and 62 Traineeships. The College also enrolled 625 Higher Education students generating an income of £3,535,987 in its partnership with University Campus Suffolk (2014/15 £3,300,000).

Curriculum Developments

The College commissioned an external audit to review the risks posed by failing to meet the EFA's rules funding for Study Programmes. This includes the requirement that the College must maintain evidence, such as learner timetables, to support the number of planned hours that have been recorded against each learner on the ILR. The audit found that there was Strong evidence in place to reflect the recording of non-qualification hours for work experience. New provision was established for 37 16-18 year olds in Animal Care in Newmarket.

Destinations

The College continues to track the progress of its leavers from the previous academic year. 3% of those completing funded qualifications in 2014/15 that were tracked (2,738) were not in paid employment, education or training six months after leaving College, down 1% on the previous year. Of those making a positive progression, 22% progressed into work (20%), 4% into apprenticeships (1%), 16% into higher education (14%) and 55% in further education (63%). The Ofsted Data Dashboard and Further Education Outcome Based Success Measures (DBIS) are no longer updated, however the DfE not track the destinations of the Key Stage 5 cohort, which showed 88% of leavers from 2013/14 had moved into a positive and sustained destination by January 2016 (80% National Rate).

Satisfaction

The Ofsted Surveys showed that 95% of learners and 99% of employers were satisfied with West Suffolk College's provision. The College also surveys parents and carers and found that 99% of them were satisfied with the College's provision.

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 college terms are that payment will be made by the end of the month following the month in which the invoice is received. The college received no interest charges in respect of late payment for this period.

Future Developments

The College will continue to invest in the delivery of high quality provision, maintaining a reputation for excellence both locally and nationally against the backdrop of some challenging financial circumstances.

Engagement with employers through a strong focus on their training provision, including apprenticeships and full cost work, particularly as this has been an area with potential to increase has been prioritised and this growth is expected to be secured during the 2016/17 year. The College is, and will continue to, work with organisations that will have significant apprenticeship levy obligations when the new arrangements come into place post April 2017 The College will also continue to work very closely with various LEPs (Local Enterprise Partnerships) and other stakeholders to increase employer engagement as the economy improves and to provide the necessary skills to support our stakeholders.

The College has continued to pursue its aspiration to work with schools and the Suffolk Academies Trust has had a successful first year with its first academy (One in Ipswich) and the College has continued to work with the Trust in its pursuance of an approved scheme for a sixth form college in the west of Suffolk. This confirmation was received form the DfE in September 2016.

The College was successful during the year to secure premises which will be used to complete the LEP supported bid for an engineering and innovation centre. The William Vinten building and site was acquired in January 2016 using funds provided by NALEP. The site has been leased back to the incumbent for a two year period whilst they acquire alternative accommodation. This remaining £4m of the bid will enable a limited refurbishment of the site in order to establish a STEM centre in Bury St Edmunds. This will modernise and extend the College's provision in this area of learning. It is planned to start this process with at least some of the operations ready for use from September 2017 but will be largely dependent on the tenant's ability to relocate within that timescale.

The College continued to work with UCS to run high quality HE programmes during the year and will continue to do so with the newly established University of Suffolk as its largest partner in the learning network. HE activity is recognised as being of significant importance in the future well-being of the College. As well as continuing to ensure delivery of high quality HE provision, the College continues to investigate developing refreshed programmes in further and higher education, particularly related to STEM (Science, Technology, Engineering and Maths).

The College has been successful in promoting the introduction of 24+ Adult Learning Loans although the allocation far exceeds the likely amount achievable and the College will continue to work towards maximising this potential funding opportunity as the loan eligibility is extended in 2016-17 to 19+ in some situations.

RESOURCES

Despite the limitations of funding allocations when it comes to investment in the estate, the College continues to optimise its estate and assets within its finances both in terms of condition and suitability for student use. The College is generally well resourced despite declining allocations and has an excellent reputation with many positive comments about the southern end of the main campus in particular and its modern feel since the Gateway building has become an active part of the facilities to complement the UCS building.

As with 2014/15, the 2015/16 year has relied less on new build and installations and more on changing accommodation to suit the needs of the learners and to that end the following was financed and facilitated during 2015/16:

- Completion of the relocation of the Gas and Oil training centre from the main campus to the Milburn Centre
- 3 x administration rooms converted for GCSE Maths use in Gibraltar House (G1.01, 02 & 03)
- Refurbishment of A1.01 in Australia House for a new Media Hair and Make-up course
- Creation of a bespoke classroom for the new HE Games Design course
- Adaptations to Leonardo House to include new overhead hoist in the accessible toilet on the 2nd floor
- Former Gas and Oil building part refurbished to house music rehearsal rooms
- Rebranding of the high level University Campus Suffolk signage to that of the University of Suffolk.

In addition, relining roof works were carried out on the main site on the roof of the ITC, Mechatronics and library roofs. Re-roofing of the flat roof adjacent to the plumbing department at The Milburn Centre was carried out and necessary periodic maintenance and decoration was carried out across the main sites.

The college has employed an average of 472 FTE staff during the year which is an increase of 4 from 468 in the previous year. This increase is as a consequence of informed choices to resource areas of importance to the College both from a quality and business perspective and this is reinforced by the financial performance of the College. Of the staffing, some 516 are permanent staff and there are 158 hourly paid teaching staff and casual staff employed by the College. Many of these staff have worked at the College for a long period of time, and the level of staff qualification is very high.

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, reputational and compliance risk management that is designed to protect the College's performance, activities and assets.

Risks are aligned to each of the seven strategic aims of the College's Strategic Plan and regular comprehensive analysis and review of the risks to which the College may be exposed is undertaken by the Senior Management Team, Audit and Risk Management Committee and the Corporation. Specific control measures that will mitigate against any potential impact on the College are identified and any actions required to further reduce the likelihood of risk exposure. In addition to review and scrutiny in the year, consideration is also given to any risk that may emerge as a result of a new area of work undertaken by the College or change in external factors or environment.

The Corporate Risk Register is maintained at Senior Management level and is reviewed at least termly and more frequently when necessary. The Corporate Risk Register identifies the key risks, their potential impact on the College, the likelihood of those risks occurring and the control measures and actions required to mitigate the risks. Risks are prioritised using a consistent scoring system.

The strategic risks that may affect the College are maintained in the Corporate Risk Register. In summary the risks graded as high were:

1. Government Funding

The College has considerable reliance on continued Government funding through the Further Education sector funding bodies. There is no assurance that Government policy or practice will remain the same and the total funding stream is more likely to reduce rather than continue at the same levels or on the same terms. The College is aware of several issues that may impact on future funding and these are identified in the Corporate Risk Register.

The risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements and from several sources independent of each other;
- By ensuring that the College is rigorous in delivering high quality education and training whilst maintaining efficiency;
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies; and
- Ensuring the College is focused on those priority sectors and funding streams which will continue to benefit from public funding.

2. Substantial Curriculum Change

The requirement to achieve specified teaching requirements for English and maths upon which the entitlement to main qualification funding is dependent has presented the sector and the College a challenging target with significant financial penalties for not fully achieving the requirements.

Whilst this risk can be responded to in a more established way now that the requirement is in its second year, it still represents a financial risk to the College because of the potential scale of loss for non-compliance.

The mitigation of this risk has been achieved by:

- The establishment of a dedicated maths and English team under two managers for 16-18 and 19+ cohorts respectively;
- Ensuring the wider College staff understood the importance and criticality of correctly administering the delivery of English and maths to all of those who require it;
- Timely collection of prior attainment data;
- Follow up of non-attendance swiftly; and
- Reviewing and changing the process in preparation for following years to ensure it is effective and efficient.

3. Area Reviews

The area reviews present the prospect of significant change and upheaval in the FE Sector nationwide. The likely outcome of the reviews is fewer, larger Colleges and at a time of financial uncertainty, this scale of change will lead to a number of challenges and hopefully opportunities for the College.

The main concern presently is the unknown element of the eventual outcome both in terms of detail and timing and the management distraction it is creating.

The College is mitigating this risk by keeping an active dialogue with key stakeholders (Suffolk and Norfolk County Councils, LEPs, politicians and other Colleges).

4. Devolution

Devolution will almost certainly result in the novation of budgetary responsibility to county or sub-regional government level and this will be for a number of government budgets. The control of education and specifically FE budgets by such an organisation will potentially create financial uncertainty for the College and lead to cuts in funding. There is also the prospect of reduced autonomy for the College under such an arrangement.

As with the area review risk, this risk is being mitigated at present by ensuring that open and regular dialogue is being engaged in a number of arenas so that as details become more certain the College is in a position to react promptly and effectively.

STAKEHOLDER RELATIONSHIPS

Employer Stakeholders

The College works closely with a multitude of Key Stakeholders and in particular has forged very successful relationships with both the New Anglia LEP (NALEP) and the Greater Cambridge and Greater Peterborough LEP (GCGP). Following the successful approval in 2015 for an £8m engineering and STEM project partly funded by NALEP, the College acquired the William Vinten building and site in Bury St Edmunds in January 2016 and plans are now very much underway to transform the building into an exciting and innovative centre of learning.

The College has links with many local employers and their representative groups, for example the Chamber of Commerce, Institute of Directors, etc. and College staff regularly attend meetings and are represented on the committees of the Bury St

Edmunds and Haverhill Chambers of Commerce. During the year the College has continued to host the Bury St Edmunds Chamber of Commerce offices at the main College campus in Bury St Edmunds, further strengthening the links between the College and its students with that of employers.

The College has a dedicated team of staff whose function is to engage with employers, help employers realise their growth aspirations and deliver effective and innovative programmes of learning for their staff. Employers engaged with the College range from large businesses, such as Hutchison Ports (UK) Limited, Delphi UK and Marshall Aerospace in the private sector, as well as large public sector employers, for example West Suffolk NHS Foundation Trust, Suffolk County Council and Norfolk and Norwich University Hospitals NHS Foundation Trust; to hundreds of small and medium sized enterprises across the Region.

The College holds a series of Employer Forums every year in addition to an annual survey. These are designed to elicit feedback from employers on the quality and relevance of the College's provision as well as ensuring that employers' current and future skills needs can be included in the College's offer.

Local Authority Stakeholders

The College works on joint projects with both tiers of local government economic development teams. For example, contributing to the Business Festival organised by St Edmundsbury Borough Council by holding employer information events and a range of business seminars.

Local Community Stakeholders

The College offers a wide range of provision throughout the local area both at its own centres and in premises hired specifically, particularly for adults in the local community. The College reviews its offer on an ongoing basis to ensure it is both viable and responds to market demands but also so that such provision is easily accessible throughout local communities.

Suffolk Academies Trust

At the start of the financial year the College became the sponsor of One Academy in Ipswich through the creation of the Suffolk Academies Trust. Formerly under the LEA, the Suffolk One sixth from foundation school became an academy on the 1 September 2015. The closer links of these two providers of education will strengthen educational opportunities and progression for the people of Suffolk and the wider region. During the year the College supported the Trust in a successful application to fund the construction of a sixth form college to be located in Bury St Edmunds. The bid was in partnership with a number of other school partners including King Edward VI School and the Samuel Ward Academy Trust.

Equal Opportunities and Employment of Disabled Persons

West Suffolk College is committed to ensuring equality of opportunity for all who learn and work here. We positively respect and value 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 website.

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

Disability Statement

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

(a) The College has a Learning Support function, which provides information, advice and arranges support where necessary for students with disabilities.

(b) There is a list of specialist equipment which the College can make available for use by students and staff and a range of assistive technology is available.

(c) The admissions policy for all students is described in the College Procedures. Appeals against a decision not to offer a place are dealt with under the complaints policy.

(d) The College continues to invest in the appointment of staff to support students with learning difficulties and/or disabilities. There are a number of learner support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure that a high level of appropriate support for students who have learning difficulties and/or disabilities is provided.

(e) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published.

(f) Counselling and welfare services, disability statement, disciplinary and complaints procedures, and other useful information are described in the College Course Handbook, which is issued to students at induction.

Disclosure of Information to Auditor

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

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

R Carter
Chair

Statement of Corporate Governance and Internal Control

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

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); and
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").

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the Corporation has adopted and complied with the Code.

In the opinion of the Corporation, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2016. The Corporation 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 at its meeting held on 17 July 2015.

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

The Corporation

The Members who served on the Corporation during the year and up to the date of signature of this report are as listed in the table on the next page.

Member	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment as at 15 December 2016	Attendance 2015/16 %	Committees served
Mrs J Bloomfield	01.01.00 Re-appointed 04 08.12.16 (co-opted)	1 year	31.07.16 Co-opted with effect 01.08.16	Co-opted member	33	Appointments & Governance and Remuneration
Mr R Carter	01.08.01 Re-appointed 05, 09,13	4 years		Independent member	100	Chair: Corporation (from 01.08.10) Resources Appointments & Governance and Remuneration
Mr S Clarke	14.12.12 Re-appointed 16	3 years		Independent member	100	Resources
Mrs S Daley	20.03.15	3 years		Independent member	67	Standards and Excellence
Professor J Gazzard	01.08.15	1 year		Co-opted member	44	Audit and Risk Management and Standards and Excellence
Mr S Gerber	05.10.07 Re-appointed 11, 15	1 Year	31.07.16	Staff member	100	Resources Appointments & Governance
Mr K Golding	01.02.06 Re-appointed 09,13	4 years		Independent member	100	Vice Chair: Corporation Audit and Risk Management Appointments & Governance and Remuneration
Mr A Head	01.08.14 Re-appointed 15	1 year	31.07.16	Student member	67	Standards and Excellence
Mrs S Healey Pearce	01.08.16	3 years		Independent member	0	Resources
Mrs K Heathcote	01.08.15	3 years		Staff member	100	Audit and Risk Management
Professor C Higgins	01.08.15	3 years		Independent member	100	Resources
Mrs F Holston Moore	12.12.14	3 years	11.12.15	Independent member	0	Resources
Mrs S Howard	01.08.16	3 years		Independent member	0	Appointments & Governance and Remuneration
Mr R Inman	01.08.15	3 years		Independent member	100	
Mr A Maltpress	14.12.12 Re-appointed 16	3 years		Independent member	100	Audit and Risk Management Standards and Excellence
Mrs C Manning	01.08.08 Re-appointed 12	4 years	31.07.16	Independent member	100	Audit and Risk Management
Mrs K Points	01.08.16	3 years		Independent member	0	Standards and Excellence
Mr N Roberts	14.12.12 Re-appointed 13,14,15,16	1 year		Co-opted member	100	Audit and Risk Management
Dr N Savvas	5.8.13	Whilst in post		Principal	100	Resources Standards and Excellence Appointments & Governance
Mrs D Wildridge	15.12.11 Re-appointed 15	3 years		Independent member	100	Resources Appointments & Governance and Remuneration
Mr J Winter	01.08.16	3 years		Staff member	0	Standards and Excellence

Mrs J Bridges acts as Clerk to the Corporation

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

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

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

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Resources, Standards and Excellence, Appointments, Governance and Remuneration, and Audit and Risk Management.

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

West Suffolk College
Out Risbygate
Bury St Edmunds
Suffolk
IP33 3RL

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

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

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

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

There is a clear division of responsibility in that the roles of the Chair of the Corporation and Accounting Officer of the College 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 an Appointments and Governance Committee comprising six 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 induction and training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding three years. (Prior to the current year members of the Corporation were appointed for a term of office not exceeding four years.)

Corporation performance

Appointments, Governance and Remuneration Committee

Throughout the year ending 31 July 2016 the College's Appointments, Governance and Remuneration Committee comprised six members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the appointments of governors, governance arrangements and the remuneration and benefits of the Accounting Officer and other designated senior post holders.

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

Audit and Risk Management Committee

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

The Audit and Risk Management Committee meets four times a year and provides a forum for reporting by the College's internal and financial statements auditors, who have access to the Committee if necessary, for independent discussion, without the presence of College management. The College management team attend by invitation. 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 annual and report their findings to management and the Audit and Risk Management Committee.

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

The Audit and Risk Management Committee oversees the internal audit, external audit and risk management processes and reports to the Corporation on the effectiveness of in the internal control system, including the College's system for the management of risk. The Committee also advises the Corporation on the appointment of internal 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 they are personally responsible, in accordance with the responsibilities assigned to the Accounting Officer in the Financial Memorandum between the College and the funding bodies. The Accounting Officer is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in West Suffolk 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, reputational and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2016 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation
- regular reviews by the Corporation 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.
- Regularly reviewing Corporation membership

The 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 and Risk Management Committee. At minimum, annually, the Internal Auditor provides the Corporation with a report on internal audit activity in the College. The report includes the internal auditor'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. The Principal's 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 and the regularity reporting accountants in their management letters and other reports.

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

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit and Risk Management Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit and Risk Management 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 and Risk Management Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

Based on the advice of the Audit and Risk Management Committee and the Accounting Officer, and in the opinion of the internal auditors the Corporation is of the opinion that the College has an adequate and effective risk management, governance, control and efficiency, effectiveness and economy processes in place to manage its achievement of the College's objectives.

Going concern

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

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

Signed	**Signed**
R A Carter	**Dr N Savvas**
Chair	**Accounting Officer**

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 College's surplus/deficit of income over expenditure for that period.

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable 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 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 funds from the Skills Funding Agency are used only in accordance with the authorities that govern them as defined by and in accordance with the Further and Higher Education Act 1992, subsequent legislation and the Financial Memorandum with the Skills Funding Agency and any other conditions that may be prescribed from time to time.

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

R A Carter

Chair

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

We have audited the College financial statements ("the Financial Statements") set out on pages 24 to 54. The financial reporting framework that has been applied in their preparation is United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" as set out in our engagement letter dated 9 December 2015.

This report is made solely to the Corporation, as a body, in accordance with the Financial Memorandum published by the Skills Funding Agency and our engagement letter dated 9 December 2015. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are required under our engagement letter dated 9 December 2015 to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Corporation of West Suffolk College and Auditor
As explained more fully in the Statement of the Corporation's Responsibilities set out on pages 21 to 22, 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 the terms of our engagement letter dated 9 December 2015, Joint Audit Code of Practice issued by the Skills Funding Agency and Education Funding Agency and International Standards on Auditing (UK and Ireland). The International Standards on Auditing (UK and Ireland) require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at http://www.frc.org.uk/auditscopeukprivate

Opinion on financial statements
In our opinion the Financial Statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2016 and of the College's deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

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 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;
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations required for our audit.

RSM UK Audit LLP

RSM UK AUDIT LLP
Chartered Accountants
Abbotsgate House
Hollow Road
Bury St Edmunds
Suffolk
IP32 7FA

19 December 2016

WEST SUFFOLK COLLEGE

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2016

	Notes	2016 Total £000	2015 Total £000 Restated
Income			
Funding body grants	2	23,587	21,684
Tuition fees and education contracts	3	2,149	2,250
Other grants and contracts	4	979	710
Other income	5	1,216	1,051
Investment income	6	21	31
Total income		**27,952**	**25,726**
Expenditure			
Staff costs	7	17,784	17,059
Other operating expenses	8	6,392	6,855
Depreciation	10	1,844	1,784
Interest and other finance costs	9	635	608
Total expenditure		**26,655**	**26,306**
Surplus before other gains and losses		**1,297**	**(580)**
Loss on disposal of tangible fixed assets		(4)	(10)
Surplus / (Deficit) for the year		**1,293**	**(590)**
Actuarial loss in respect of defined benefit pensions schemes		(2,830)	(1,142)
Total comprehensive income for the year		**(1,537)**	**(1,732)**

WEST SUFFOLK COLLEGE

BALANCE SHEET AS AT 31 JULY 2016

	Notes	2016 £000	2015 £000 Restated
Fixed assets			
Tangible assets	10	33,330	29,552
Investments	11	-	-
		33,330	29,552
Current assets			
Stocks		29	36
Debtors	12	862	788
Cash at bank and in hand	18	3,644	4,884
		4,535	5,708
Creditors: amounts falling due within one year	13	(3,861)	(4,553)
Net current assets		**674**	**1,155**
Total assets less current liabilities		**34,004**	**30,707**
Creditors: amounts falling due after one year	14	(11,523)	(10,250)
Provisions			
Defined benefit obligations	23	(13,906)	(10,359)
Other provisions	16	(117)	(103)
TOTAL NET ASSETS		**8,458**	**9,995**
Reserves			
Income and expenditure account including pension reserve		4,612	6,039
Revaluation reserve		3,846	3,956
TOTAL RESERVES		**8,458**	**9,995**

The financial statements on pages 24 to 54 were approved and authorised for issue by the Corporation on 15 December 2016 and were signed on its behalf on that date by:

R A Carter

Chair

Dr N Savvas

Accounting Officer

WEST SUFFOLK COLLEGE

STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31 JULY 2016

	Income and expenditure reserve including Pension reserve £000	Revaluation reserve £000	Total £000
Balance at 1 August 2014	7,661	4,066	11,727
(Deficit) for the year	(1,732)	-	(1,732)
Transfers between revaluation and income and expenditure reserves	110	(110)	-
Total comprehensive income for the year	(1,622)	(110)	(1,732)
Balance at 31 July 2015	6,039	3,956	9,995
(Deficit) for the year	(1,537)	-	(1,537)
Transfers between revaluation and income and expenditure reserves	110	(110)	-
Total comprehensive income for the year	(1,427)	(110)	(1,537)
Balance at 31 July 2016	**4,612**	**3,846**	**8,458**

WEST SUFFOLK COLLEGE

STATEMENT OF CASHFLOWS

FOR THE YEAR TO 31 JULY 2016

	Notes	Year ended 31 July 2016 £000	Year ended 31 July 2015 £000 Restated
Cash flow from operating activities			
Surplus/ (deficit) for the year		1,293	(590)
Adjustment for non-cash items			
Depreciation		1,844	1,784
Non cash government grant		(1,850)	-
(Increase)/ decrease in stocks		7	14
(Increase)/ decrease in debtors		(75)	87
Increase/ (decrease) in creditors due within one year		(744)	58
Increase/ (decrease) in creditors due after one year		(241)	197
Increase/ (decrease) in provisions		14	18
Pensions costs less contributions payable		338	284
Reclassification of tangible asset		34	74
Adjustment for investing or financing activities			
Investment income		(21)	(31)
Interest payable		635	608
Loss on sale of fixed assets		4	10
Net cash flow from operating activities		**1,238**	**2,513**
Cash flows from investing activities			
Receipt of capital grant		20	-
Proceeds from sale of fixed assets		-	1
Investment income		21	31
Payment made to acquire fixed assets		(1,759)	(2,241)
		(1,718)	**(2,209)**
Cash flows from financing activities			
Interest paid		(256)	(259)
Repayments of amounts borrowed		(504)	(497)
		(760)	**(756)**
Increase/ (decrease) in cash and cash equivalents in the year		**(1,240)**	**(452)**
Cash and cash equivalents at beginning of the year		4,884	5,336
Cash and cash equivalents at end of the year		**3,644**	**4,884**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 JULY 2016

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. Details of the transition to FRS102 are disclosed in note 26.

General information

West Suffolk College is a corporation established under the Further and Higher Education Act 1992 as an English general college of further education. The address of the College's principal place of business is given on page 16. The nature of the College's operations are set out in the Members' Report.

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 2015-16 financial statements* and in accordance with Financial Reporting Standard 102 – *"The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS102)* under the historical cost convention. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS102.

These financial statements are the first financial statements of West Suffolk College prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of West Suffolk College for the year ended 31 July 2015 were prepared in accordance with previous UK GAAP.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the College has taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'. Adjustments are recognised directly in reserves at the transition date.

The financial statements are presented in sterling which is also the functional currency of the College.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Basis of consolidation

The financial statements include the College only.

The College has two dormant subsidiary companies, Magna Carta Consultants Limited and Suffolk Apprenticeships Limited. The figures for both Magna Carta Consultants Limited and Suffolk Apprenticeships Limited are not considered material and have therefore not been included as consolidated financial statements.

On 24th July 2015 the College created the Suffolk Academies Trust which is a discrete legal entity created to facilitate a multi academy trust. The trust has 5 members of which 4 are representatives of West Suffolk College and these members have the authority to appoint and remove trustees. Through this authority 10 trustees have been appointed of whom 4 are either employees or governors of West Suffolk College. On that basis the college does not consider that it controls Suffolk Academies Trust and on that basis the financial statements have not been and will not be consolidated whilst this remains the case.

In accordance with Financial Reporting Standard (Section 9) 102, the activities of the student council have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2016.

Going concern

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

The College currently has £7.3m of loans outstanding with bankers on various terms (see note 15). The College's forecasts and financial projections indicate that it will be able to operate within these existing facilities 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 annual Financial Statements.

Recognition of Income

Grants – government and non-government

Government revenue grants are accounted for under the accrual model and are recognised where a reliable estimate of the fair value of the asset received or receivable can be made on a systematic basis over the periods in which the related costs for which the grant compensates are recognised.

Funding body recurrent grants are measured in line with best estimates for the year of what is receivable and depend on the particular income stream involved. Any under achievement of 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.

16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments and is recognised when receivable.

The recurrent grant from HEFCE represents the funding allocations attributable to the current financial year and is recognised when received or receivable.

Grants from non-government sources, including grants relating to assets, are recognised in income when the College has met the performance-related conditions and the grant will be received. Income received in advance of performance related conditions being met is recognised as a liability.

Government capital grants for assets, other than land, are accounted for under the accrual model. The grant income received or receivable will be recognised over the expected useful life of the asset, with any amount of the asset-related grant that is deferred being recognised as deferred income. The deferred income is allocated between creditors due within one year and those due after more than one year.

Other income

Income from the supply of services is recognised at fair value of the consideration received or receivable and represents the value of services to the extent there is a right to consideration.

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

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

Retirement benefits

Retirement benefits to employees of the College are principally provided by Teachers' Pensions Scheme (TPS) and the Local Government Pension Scheme (LGPS), which are multi-employer defined benefit plans.

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 the Government Actuary on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme but sufficient information is not available to use defined benefit accounting and therefore it is accounted for as a defined contribution scheme, with the amount charge to the statement of comprehensive income is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The LGPS is a funded scheme, and the assets of the scheme are held separately. Pension schemes are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. 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. The net interest cost on the net defined benefit liability/asset is charged to comprehensive income and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts include in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

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. The cost of any unused holiday entitlement the College expects to pay in future periods is recognised in the period the employees' services are rendered.

Tangible Fixed Assets

The College's policy is to carry all assets at historical cost, except for inherited assets which are included in the balance sheet at a valuation carried out in May 1996. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis.

a) Land and Buildings

Land and buildings are stated at depreciated replacement cost established by independent valuation in May 1996. Land and buildings acquired since May 1996 are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of 50 years. All other buildings are depreciated over their useful economic lives as follows:

Buildings	50 years on a straight line basis
Freehold improvements	8 years on a straight line basis
Leasehold improvements	8 years on a straight line basis

Leasehold improvements are depreciated over 8 years on a straight line basis unless the lease is due to expire before the depreciation has been fully charged to the income and expenditure account. In such circumstances, the depreciation is charged over the duration of the lease at a higher rate in order to coincide with the life of the lease.

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

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

b) Properties under Construction

Properties in the course of construction are accounted for at cost less any identified impairment loss. Cost includes professional fees and other directly attributable costs that are necessary to bring the property to operating condition. They are not depreciated until they are brought into use.

c) Subsequent expenditure on existing fixed assets

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

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

d) Equipment

Equipment costing less than £1,000 is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the Local Education Authority is included in the balance sheet at valuation but is now fully depreciated.

All equipment is depreciated over its useful economic life as follows:

Plant and machinery	8 years on a straight line basis
Plant and machinery with an extended useful life	20 years on a straight line basis
Office equipment	4 years on a straight line basis
Computer equipment	4 years on a straight line basis
Motor vehicles	4 years on a straight line basis

Borrowing costs

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

Leased Assets

Costs in respect of operating leases have been charged to comprehensive income on a straight line basis over the lease term.

Investments

The College has a fixed asset investment in the ownership of Magna Carta Consultants Limited and Suffolk Apprenticeships Limited which are both currently dormant.

Fixed asset investments are held at the lower of cost or net realisable value.

Stock

Stock is values at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Financial Instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

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 a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

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

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.

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 from circumstances where a provision would otherwise be made either because it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Agency Arrangements

The College acts mostly 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 account and are shown separately in note 25, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant, and also lunch and stationery vouchers provided to students for use within the College.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical areas of judgement

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.

- *Tangible fixed assets*

Tangible fixed assets 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, maintenance programmes, economic utilisation and physical condition of the assets are taken into account. Residual value assessments consider issues such as future market conditions and the remaining life of the asset.

- *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 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 July 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 FUNDING BODY GRANTS

	Total 2016 £000	Total 2015 £000 Restated
Recurrent grants		
Education Funding Agency	12,693	12,252
Skills Funding Agency	4,924	5,166
Higher Education Funding Council	3,536	3,300
Specific grants		
Skills Funding Agency	355	729
Releases of government deferred capital grants	229	237
Release of government capital grant for land	1,850	0
	23,587	**21,684**

The figures above include £191k of funding relating to the 2014-15 financial year, which was not confirmed by the SFA until after 31 July 2015. Therefore this income is included in the 2015-16 financial year.

West Suffolk College acts as a lead partner for certain training funding, some of which is passed on to third parties. The figure above for recurrent grants shows net income earned by the College in its capacity both as a provider and as the lead partner. All other income claimed from the SFA and payable to third party partners has been excluded from these accounts. Total income claimed in the year under this type of arrangement and the related payments to partners was as follows:

	Total 2016 £000	Total 2015 £000
Income from Funding Bodies	1,188	978
Payments to non-College partners	(1,012)	(814)
Net Income	**176**	**164**

3 TUITION FEES

	2016 £000	2015 £000
Tuition fees	1,510	1,630
24+ Loan income	639	620
	2,149	**2,250**

West Suffolk College acts as a lead partner for tuition fee / loan income, some of which is passed on to third parties. The figure above shows net income earned by the College in its capacity both as a provider and as the lead partner. Total income claimed in the year under this type of arrangement and the related payments to partners was as follows:

	Total 2016 £000	Total 2015 £000
Income from Tuition fees / 24+ Loan income	182	-
Payments to non-College partners	(154)	-
Net Income	**28**	**0**

4 OTHER GRANT INCOME

	2016 £000	2015 £000 Restated
European Funds	21	234
Other grants and contracts	564	250
SCC Additional Learning Needs	394	226
	979	**710**

West Suffolk College acts as a lead partner for additional learning needs funding, some of which is passed on to third parties. The figure above for SCC Additional learning needs shows net income earned by the College in its capacity both as a provider and as the lead partner. Total income claimed in the year under this type of arrangement and the related payments to partners was as follows:

	Total 2016 £000	Total 2015 £000
Income from SCC	207	-
Payments to non-College partners	(187)	-
	20	**-**

5 OTHER INCOME

	2016 £000	2015 £000
Catering	729	763
Miscellaneous	188	162
Resale Materials	64	70
Car Park	41	41
Lettings	194	15
	1,216	**1,051**

6 INVESTMENT INCOME

	2016 £000	2015 £000 Restated
Interest receivable	21	31
	21	**31**

7 STAFF COSTS

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

	2016 Number	2015 Number
Teaching	183	180
Teaching and other support	121	131
Administration & Central Services	168	157
	472	**468**

Staff costs for the above persons:	**2016 £000**	**2015 £000 Restated**
Teaching	8,127	7,446
Teaching and other support	3,587	3,713
Administration & Central Services	5,682	5,553
Actuarial adjustment	338	284
Restructuring Costs	44	51
Miscellaneous	6	12
	17,784	**17,059**

	2016 £000	**2015 £000 Restated**
Wages & Salaries	13,939	13,713
Social Security Costs	1,046	902
Pension Costs	2,755	2,393
Restructuring Costs	44	51
	17,784	**17,059**

7 STAFF COSTS (cont'd)

Key management personnel

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Management Team which comprises the Principal, Vice Principals and the Clerk to the Corporation and College Secretary.

Emoluments of Key management personnel and Accounting Officer

The number of key management personnel including the Accounting Officer was:

	2016 Number	2015 Number
	6	7

There were no other staff who received annual emoluments excluding pension contributions but including benefits in kind above £60,000 (2015: None).

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

	2016 Number of Key management personnel	2016 Number of other staff	2015 Number of Key management personnel	2015 Number of other staff
• £50,001 to £60,000 p.a.	1	0	1	0
• £70,001 to £80,000 p.a.	1	0	2	0
• £80,001 to £90,000 p.a.	3	0	2	0
• £90,001 to £100,000 p.a.	0	0	1	0
• £120,001 to £130,000 p.a.	1	0	1	0
	6	**0**	**7**	**0**

For comparison purposes the 7 includes a member of the Key management personnel who was employed for part of the year and who has now left the College.

There is a salary sacrifice scheme in place to provide childcare vouchers which is used by one of the Key management personnel.

7 STAFF COSTS (cont'd)

Key management personnel emoluments are made up as follows:	2016 £000	2015 £000
Salaries	487	461
Benefits in kind	3	5
National Insurance contributions	57	29
Pension contributions	81	65
Total emoluments	**628**	**560**

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

	2016 £000	2015 £000
Salaries	130	130
National Insurance contributions	16	16
Pension contributions	21	18
Subtotal	167	164

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

8 OTHER OPERATING EXPENSES

	2016 £000	2015 £000
Teaching costs	2,446	2,463
Non-teaching costs	2,480	2,801
Premises costs	1,466	1,591
	6,392	6,855

Deficit / surplus is stated after charging / (crediting) :

	2016	2015
Auditor's remuneration:		
Financial statements audit - College	25	23
Internal audit	18	28
Other services provided by financial statements auditors	6	1
Hire of other assets - land and buildings	139	145
Hire of other assets - total operating leases	563	540
Operating lease rentals	(173)	-
Loss on disposal of tangible fixed assets	4	10

9 INTEREST AND OTHER FINANCE COSTS

	2016 £000	2015 £000 Restated
On bank loans, overdrafts and other loans:	256	259
Pension finance costs (Note 23)	379	349
Total	**635**	**608**

10 TANGIBLE FIXED ASSETS

	Land and buildings freehold £000	Buildings under construction £000	Equipment £000	Total £000
Cost or valuation				
At 1 August 2015	**37,521**	**5**	**4,679**	**42,205**
Additions	5,400	62	197	5,659
Disposals	0	0	(166)	(166)
Assets reclassified as expenditure	1	(34)	0	(33)
Asset reclassification	4	(33)	29	0
At 31 July 2016	**42,926**	**0**	**4,739**	**47,665**
Depreciation				
At 1 August 2015	**10,358**	0	**2,295**	**12,653**
Charge for the year	1,465	0	379	1,844
Disposals	0	0	(162)	(162)
At 31 July 2016	**11,823**	**0**	**2,512**	**14,335**
Net book value at 31 July 2016	**31,103**	**0**	**2,227**	**33,330**
Net book value at 31 July 2015	**27,163**	**5**	**2,384**	**29,552**

Included within land and buildings is freehold land of £4,912,715 (2015 £1,562,715) which is not depreciated.

All assets are carried at depreciated historical cost with the exception of inherited assets which are carried at depreciated replacement cost. The inherited assets were re-valued by an independent firm of Chartered Surveyors in May 1996 and their current net book value is £4.2m (2014/15 £4.3m).

Suffolk County Council holds a legal charge over the ownership of the Vinten's site and buildings which are owned by West Suffolk College. This charge would become payable if the College was found to be in breach of any terms of the grant agreement. The Corporation considers that these circumstances are unlikely to arise.

11 NON CURRENT INVESTMENTS

	2016 £000	2015 £000
Investments at cost	0	0

The Corporation owns 100% of the issued ordinary share capital of Magna Carta Consultants Limited which is registered in England and Wales, at a cost of £2. The principal activity of Magna Carta Consultants Limited is the provision of education and training although it is not currently actively trading.

The Corporation owns 100% of the issued ordinary share capital of Suffolk Apprenticeships Limited which is registered in England and Wales, at a cost of £2. The principal activity of Suffolk Apprenticeships Limited is the provision of temporary and fixed term staff to third parties. Suffolk Apprenticeships is also not currently actively trading.

12 DEBTORS

	2016 £000	2015 £000
Amounts falling due within one year		
Trade debtors	136	139
Other debtors	4	5
Prepayments and accrued income	449	553
Amounts owed by Skills Funding Agency	273	91
	862	**788**

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £000	2015 £000 Restated
Bank loans (note 15a)	479	470
Energy loan (note 15b)	34	34
Trade payables	474	712
Sundry creditors	24	14
Other taxation and social security	317	287
Accruals and deferred income	1,666	2,059
Amounts owed to – Skills Funding Agency	439	593
Amounts owed to – Education Funding Agency	143	114
Payments received in advance – University of Suffolk	24	46
Deferred income – government capital grants	261	224
	3,861	**4,553**

14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016 £000	2015 £000 Restated
Bank Loans (note 15a)	6,863	7,342
Energy loan (note 15b)	17	51
Deferred income – government capital grants	4,643	2,857
	11,523	**10,250**

15 MATURITY OF DEBT

(a) Bank Loans

	2016 £000	2015 £000
Bank loans repayable within 1 year	479	470
Bank loans repayable between 1 and 2 years	489	479
Bank loans repayable between 2 and 5 years	1,522	1,493
Bank loans repayable in more than 5 years	4,852	5,370
	7,342	7,812

The College has three loans outstanding:
A loan of £3.5m of which £2.436m remains outstanding; this loan attracts interest at a fixed rate of 2.345% until 2022 and is repayable no later than 30 Dec 2030
A loan of £2.5m of which £1.969m remains outstanding; this loan attracts interest at a fixed rate of 6.195% and is repayable in equal instalments to end 2030
A loan of £3.5m loan of which £2.937m remains outstanding; this loan attracts interest of Libor plus 1.5% and is repayable in equal instalments to end 2028

(b) Energy Loan

	2016 £000	2015 £000
Energy loan repayable within 1 year	34	34
Energy loan repayable between 1 and 2 years	17	34
Energy loan repayable between 2 and 5 years	-	17
	51	85

The interest free energy loan from Salix Finance Ltd was used to purchase an energy efficient lighting renewal scheme

16 PROVISIONS FOR LIABILITIES AND CHARGES

	Barrack Wall £000	Total £000
At 1 August 2015	103	103
Transfer from income and expenditure account	25	25
Expended in the period	(11)	(11)
Provisions for Liabilities and Charges at 31 July 2016	117	117

Provision was made for works to the grade 2 listed barrack wall that surrounds the copse at the main site. As a listed structure the College has an obligation to keep it in a safe and good state of repair. Extensive works are due to be commenced in Spring 2017, and the provision has been further increased to allow these works to be completed.

17 FINANCIAL INSTRUMENTS

Financial Assets
Financial assets measured at amortised cost

	2016 £'000	2015 £'000
Cash	3,644	4,884
Trade debtors	136	139
Accrued income	406	223
Other debtors	4	5
Total	**4,190**	**5,251**

Financial Liabilities
Financial liabilities measured at amortised cost

	2016 £'000	2015 £'000
Trade creditors	474	712
Bank loans and overdrafts	7,342	7,812
Other loans	51	85
Sundry creditors	24	14
Accruals	1,299	966
Amounts owed to funders	582	707
Total	**9,772**	**10,296**

18 CASH AND CASH EQUIVALENTS

	At 1 August 2015 £000	Cash flows £000	Other changes £000	At 31 July 2016 £000
Cash and cash equivalents	4,884	(1,240)	0	3,644
Total	**4,884**	**(1,240)**	**0**	**3,644**

19 CAPITAL AND OTHER COMMITMENTS

	2016 £000	2015 £000
Commitments contracted for at 31 July	13	53

20 LEASE OBLIGATIONS

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

	2016 £000	2015 £000 Restated
Land and Buildings		
Less than one year	114	127
Between one and five years	87	193
After five years	-	-
	201	**320**
Other		
Less than one year	339	382
Between one and five years	279	434
After five years	-	-
	618	**816**

At 31 July the College had contracted with tenants under non-cancellable operating leases, for the following future minimum lease payments:

	2016 £'000	2015 £'000
Land and Buildings		
Less than one year	368	-
Between one and five years	507	-
After five years	1,520	-
	2,395	**-**

21 CONTINGENT LIABILITIES

There were no contingent liabilities as at 31July 2016

22 EVENTS AFTER THE REPORTING PERIOD

The Suffolk Academies Trust was successful in having an application for a new sixth form free school in Bury St Edmunds approved in September 2016 and it is planned that the new school will be constructed and ready for use by September 2018.

The College's HE partner (University Campus Suffolk) was awarded taught degree awarding powers and became the University of Suffolk from 1 August 2016.

23 RETIREMENT BENEFITS

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 Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Suffolk County Council. Both are multi-employer defined benefit plans.

Total pension cost for the year	**2016**	**2015**
	£000	**£000**
LGPS: Contributions paid	1,512	1,341
LGPS: FRS102 (28) charge	338	284
Charge to the Statement of Comprehensive Income	1,850	1,625
Teachers' Pension Scheme: contributions paid	905	768
Total Pension Cost for Year	**2,755**	**2,393**

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year. Contributions amounting to £4,492 (2015 £1,038) were payable for AVC's (Additional Voluntary Contributions) at 31 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' Pension Scheme Regulations 2014. 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.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.
The latest actuarial valuation 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 in June 2014. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £191.5 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held the valuation date) of £176.6 billion
- Notional past service deficit of £14.9 billion
- Assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings
- Rate of real earnings growth is assumed to be 2.75%
- Assumed nominal rate of return is 5.06%

23 RETIREMENT BENEFITS (continued)

The new employer contribution rate was 14.1% until 1 September 2015, when it increased to 16.48% (including a 0.08% administration fees), with an employer cost cap of 10.9% of pensionable pay. The employer contribution rate will be payable until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.
The pension costs paid to TPS in the year amounted to £905,000 (2015: £768,000)
The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme on as a defined benefit plan so it is accounted for as a defined contribution plan.

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Suffolk County Council. The total contributions made for the year ended 31 July 2016 were £1,916,231 of which employer's contributions totalled £1,512,503 and employees' contributions totalled £403,728. The agreed employer contribution rates for future years are 24.5% for employers currently, and range from 5.5% and 12.5% for employees depending on their 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	3.9%	4.5%
Future pensions increases	1.9%	2.6%
Discount rate	2.4%	3.6%
Inflation assumption (CPI)	1.9%	2.6%
Commutation of pensions to lump sums (pre April 2008 service)	25%	25%
Commutation of pensions to lump sums (post April 2008 service)	63%	63%

The average life expectancy for a pensioner retiring at 65 on the reporting date is:

	At 31 July 2016	At 31 July 2015
Retiring today		
Males	22.4	22.4
Females	24.4	24.4
Retiring in 20 years		
Males	24.3	24.3
Females	26.9	26.9

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

	Return expected as at 31 July 2016	Fair Value at 31 July 2016 £'000	Return expected as at 31 July 2015	Fair Value at 31 July 2015 £'000
Equities	2.4%	20,630	3.6%	17,835
Bonds	2.4%	5,980	3.6%	5,169
Property	2.4%	2,990	3.6%	2,585
Cash	2.4%	299	3.6%	258
Total fair value of plan assets		**29,899**		**25,847**
Present value of scheme liabilities				
- Funded		(43,805)		(36,206)
Deficit in the scheme		**(13,906)**		**(10,359)**
Actual return on plan assets		**2,840**		**2,225**

23 RETIREMENT BENEFITS (continued)

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

	2016 £'000	2015 £'000
Amounts included in staff costs		
Current service costs	338	284
	338	**284**

Amounts included in interest costs:	2016 £000	2015 £000
Net interest costs	379	349
	379	**349**

	2016 £000	2015 £000
Amounts recognised in Other Comprehensive Income		
Return on pension plan assets	1,888	1,303
Experience losses arising on defined benefit obligations	333	182
Changes in assumptions underlying the present value of the plan	(5,051)	(2,627)
	(2,830)	**(1,142)**

23 DEFINED BENEFIT OBLIGATIONS (continued)

Movement in net defined benefit liability during year	2016 £000	2015 £000 Restated
Net defined benefit liability in scheme 1 August	(10,359)	(8,584)
Movement in year:		
Current service cost	(1,847)	(1,614)
Employer contributions	1,509	1,330
Net interest on the defined liability	(379)	(349)
Actuarial loss	(2,830)	(1,142)
Net defined benefit liability at 31 July	**(13,906)**	**(10,359)**

Asset and Liability Reconciliation

Changes in the present value of defined benefit obligations	2016 £000	2015 £000
Defined benefit obligations at start of period	36,206	31,120
Current service cost	1,847	1,614
Interest cost	1,331	1,271
Employee contributions	404	388
Actuarial loss	4,718	2,445
Benefits paid	(701)	(632)
Liabilities at 31 July	**43,805**	**36,206**

Changes in the fair value of plan assets		
Fair value of plan assets at start of period	25,847	22,536
Interest on plan assets	952	922
Return on plan assets	1,888	1,303
Employer contributions	1,509	1,330
Employee contributions	404	388
Benefits paid	(701)	(632)
Assets at 31 July	**29,899**	**25,847**

24 RELATED PARTY TRANSACTIONS

Owing to the nature of the College's operations and the composition of the Board of Governors being drawn from local public and private sector organisations, it is possible 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. During the year ended 31st July 2016 no material related party transactions requiring disclosure occurred.

At 31st July 2016, Magna Carta Consultants Limited owed £122,958 (2015 £122,958) to West Suffolk College. This balance has been fully provided against in both 2016 and 2015. Magna Carta Consultants Limited is a wholly owned dormant subsidiary of West Suffolk College.

Suffolk Apprenticeships Limited is a wholly owned dormant subsidiary of West Suffolk College.

Transactions with the funding bodies are detailed in notes 2, 3, 12, 13, 14 and 24.

25 AMOUNTS DISBURSED AS AGENT

Adult Discretionary Support

	Year ended 31 July 2016 £000	Year ended 31 July 2015 £000
Funding body grants – bursary support	300	293
Funding body grants – vulnerable	41	30
Funding body grants – free school meals	58	69
Funding body grants – discretionary learner support	199	221
Funding body grants – advanced learner loan	71	127
Funding body grants – recycled funds from previous year	113	0
	782	740
Disbursed to students	(464)	(360)
Disbursed to third parties	(1)	(28)
Amount consolidated in financial statements	(58)	(49)
Administration costs	(28)	(33)
Balance unspent at 31 July, included in creditors	**231**	**270**

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

26 TRANSITION TO FRS102 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 FRS102 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 FRS102 and the 2015 FE HE SORP was therefore 1st August 2014. As a consequence of adopting FRS102 and the 2015 FE HE SORP, a number of accounting policies have changed to comply with those standards.

An explanation of how the transition to FRS102 and the 2015 FE HE SORP has affected the College's financial position, financial performance and cash flows, is set out below.

	Note	1st Aug 2014 £000	31st July 2015 £000
Financial Position			
Total reserves under previous SORP		11,165	9,687
Employee leave accrual	(a)	(720)	(752)
Release of non-government capital grants	(b)	1,282	1,060
Changes to measurement of net finance cost on defined benefit plans	(c)		
Total effect of transition to FRS102 and 2015 FE HE SORP		562	308
Total reserves under 2015 FE HE SORP		11,727	9,995

Financial performance	**Year ended 31st July 2015 £000**
Surplus for the year	88
Reversal of capital grants amortisation	(222)
Increase in employee leave accrual	(32)
Pensions provision – actuarial loss	(1,142)
Changes to measurement of net finance cost on defined benefit plans	(424)
Total effect of transition to FRS102 and 2015 FE HE SORP	(1,820)
Total comprehensive income for the year under 2015 FE HE SORP	(1,732)

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 22 days unused leave for teaching staff and 9 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 £720,192 was recognised at 1 August 2014, £752,387 at 31 July 2015, and £808,968 at 31 July 2016. The movement of £56,581 has been charged to Comprehensive Income in the year ended 31 July 2016 (£32,195 in 31 July 2015).

26 TRANSITION TO FRS102 AND THE 2015 FE HE SORP cont.

b) Non-government grants accounted for under performance model

The College has previously been in receipt of certain capital grants from sources other than those classified as "government" under FRS 102 and the 2015 FE HE SORP. Under the previous UK GAAP and 2007 SORP, these were able to be capitalised and amortised over the remaining useful economic life of the relevant fixed assets. This accounting treatment is no longer available for non-government grants and the grants have therefore been accounted for under the performance model and treated as if they had been credited to Comprehensive Income immediately that the performance conditions had been met. A corresponding adjustment has been made to the income recognised in the 2015 results that related to the annual amortisation of the capital grants involved.

c) 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.

d) 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.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF WEST SUFFOLK COLLEGE AND THE SECRETARY OF STATE FOR BUSINESS, INNOVATION AND SKILLS ACTING THROUGH THE SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 9 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 the expenditure disbursed and income received by West Suffolk College during the period 1 August 2015 to 31 July 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

This report is made solely to the corporation of West Suffolk College and the Secretary of State for Business, Innovation and Skills acting through 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 West Suffolk College and the Secretary of State for Business, Innovation and Skills acting through the Skills Funding Agency those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the corporation of West Suffolk College and the Secretary of State for Business, Innovation and Skills acting through the Skills Funding Agency for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of West Suffolk College and the reporting accountant

The corporation of West Suffolk College is responsible, under the financial memorandum and 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 established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Joint Audit Code of Practice. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2015 to 31 July 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas where we identified areas where a material irregularity is likely to arise. We undertook detailed testing, based on our identification of the areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

Conclusion

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

RSM UK Audit LLP

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19 December 2016