WEST SUFFOLK COLLEGE

WE STAND OUT

Report and Financial Statements for the year ended 31 July 2015

UCS
University Campus Suffolk

Contents Page

WEST SUFFOLK COLLEGE
OPERATING AND FINANCIAL REVIEW

NATURE, OBJECTIVES AND STRATEGIES

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

Legal Status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting 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 Business, Innovation and Skills as Principal Regulator for all FE Corporations in England. The members of the Corporation, who are trustees of the charity, are disclosed on page 14.

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 identifiable public benefits through the advancement of education, and this is identified throughout the operating and financial review.

Implementation of Strategic Plan

In July 2014 the Governors approved a new 2014-16 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.

In addition specific financial objectives for 2014/15 were set out in the Financial forecast 2014/15 which was approved by the Corporation in July 2014.

Financial Objectives for year to 31st July 2015

The following financial objectives were approved at the meeting of the Corporation on the 17th July 2014:

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

   This was achieved with 2014-15 generating a surplus to add to the previous two years' surpluses making a combined surplus of £120,000 after FRS17 deductions

2. The budgets and plans predict a positive cash generation which will enable the College to match fund any capital funding which is available from the Local Enterprise Partnership.

   The budget and plan for 2014-15 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;

   The current asset ratio for the year was achieved with a figure of 1.6

4. Cash days in hand will be maintained at a minimum of 40 at the end of each month;

   Cash days in hand were always maintained above 40 days during the year and stood at 68 days at the year end.

5. The College is to meet all bank covenants.

   All bank covenants were met during the year.

Student Achievements

Overall learner responsive success rates for 2014/15 were 5% above the national rates and have continued the upward trend from the last four years. The outturn for 2014/15 shows a further improvement to 87%. Level 3 long courses (representing the majority of enrolments), which were previously below the national rate for 16-18 year olds sustain their significant improvements with a further 2% increase from the previous year (totalling a 13% increase in 3 years) and are now at 91% success (for 2014/15). Overall success rates for apprenticeships have declined, but at 72% for 2014/15 remain above the national rate of 70%.

Performance Indicators

The College is committed to observing the importance of sector measures and indicators and uses the FE choices website which looks at measures such as destinations and satisfaction. The College is required to complete the annual Finance Record for the Skills Funding Agency. The Finance Record produces a financial health grading. The current rate of Good is considered an acceptable outcome.

FE choices (formerly the "Framework for Excellence"), and the Ofsted Data Dashboard identify the key performance indicators as:

2013/14	Learner Destination Positive Progression	Learner Views Satisfaction Survey	Employer Views Satisfaction Survey
FE Choices (West Suffolk College data)	74%	86% (2014/15)	83%
Ofsted Data Dashboard (West Suffolk College data)	69%	91% (2013/14)	n/a
National Rate	71%	86% (2014/15)	82%

FINANCIAL POSITION

Financial Results

The College generated a retained surplus for the year of £88,000 (2013/14 £3,000). This surplus is after a net FRS17 cost adjustment of £209,000 (2013/14 £220,000) but also includes £131,000 of funding income that related to previous years' operations (2012/13 204,000)

The financial statements allow for under-utilisation of the SFA Adult Skills Budget (ASB) of £300,000. This comprises lower activity than allocation in both the apprenticeship and classroom based elements of the ASB. The task of fully utilising the ASB was made more challenging by a supplementary allocation of £200,000 received in June 2015. Overall the final net outturn for SFA funding was £209,000 short of the original allocation due to accrued income relating to 16-18 apprentices.

Treasury Policies and Objectives

The College has a treasury management policy approved by Governors and 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 £2,092,000 (£110,000 2013/14) but as with 2013/14, this cash inflow was offset by financing costs and investment in capital, giving a net reduction in cash for the year of £452,000 (£895,000 in 2013/14).

Liquidity

The College's liquid assets have reduced during the year in order to finance investment in new buildings and other equipment, together with the reduced outturn figure and its impact on cash flows. This decline has lessened between 2013/14 and 2014/15 but the outturn position needs to improve in order to continue investment in buildings and facilities.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student Numbers

In 2014/15 the College has delivered courses that have earned £17,418,244 of recurrent funding in the funding bodies' main allocations (2013/14 £16,849,886). The College has enrolled 13,060 students during the year (2013/14 14,595), including 3,660 young people aged 16-18 (2013/14 3,502) and 3,497 apprentices and work placed learning students (2013/14 3,971). The College also had 570 (2013/14 689) students studying higher education programmes as part of the partnership with the UCS Hub in Ipswich.

Curriculum Developments

The College responds well to the needs of its community and stakeholders. It is working hard to expand its adult classroom based provision, including Access to HE, English, maths, EAL (English as an Additional Language), and professional courses. Adult skills funded classroom provision enrolments increased marginally from 1,774 courses in 2013/14 to 1,891 in 2014/15.

It meets the increasing participation agenda well and has expanded its overall 16-18 provision (see student numbers section) to meet the Raising Participation Age (RPA) agenda, particularly its work targeted at reducing NEET (Not in Education, Employment or Training) even though the provision funded by external projects has now ceased. The College has led on the flagship provision of Traineeships for the county, with 78 enrolments, 98% success on the employability element of the course, 47% progressed onto employment or an apprenticeship or further training and 46% continued on a work placement. High apprenticeship volumes were maintained and increased by 29% to 561 learners, despite difficult economic circumstances and work with the unemployed, including JCP (Job Centre Plus), increased. The community learning budget benefitted 634 learners (an increase of 356 on 2013/14).

HE programmes were enhanced to better meet the needs of employers including HNCs in Engineering and further development of bespoke degree provision delivered at the Sizewell Nuclear installation for EDF.

Since the introduction of the Department for Education's Study Programme in 2013/14 the balance and mix of the Classroom Learning (CL) has changed. All 16-18 year old students who had not previously achieved maths and English GCSE at grade A*-C must continue their study of these subjects, to meet the DfE condition of funding. As a result, additional maths and English classes have had to be added into the curriculum in order to accommodate this requirement, resulting in a significant change in staffing and accommodation requirements in this area. The College achieved 98.5% compliance with the DfE's condition (2,789 16-19 year olds), against a minimum tolerance of 95%. In addition, all students benefitted from an opportunity to participate in work experience and related projects, developing their employability skills and resilience.

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 will be resourced following the appointment of a senior lead for employer engagement in July 2015. The College will also continue to work very closely with various LEPs and other stakeholders to increase employer engagement as the economy improves and to provide the necessary skills to support our stakeholders.

The College has pursued its aspiration to work with schools by creating the Suffolk Academies Trust in July 2015 and admitted its first academy (One in Ipswich) on the 1st September 2015. This is an academy with an Outstanding Ofsted grade in modern well maintained accommodation which the College has bought and leased back to this multi academy trust.

The College was successful during the year to have a LEP bid for an engineering and innovation centre approved. This bid will enable £8m (£7m provided by the LEP) to be used to fund the acquisition and establishment of a STEM (Science, Technology, Engineering and Maths) centre in Bury St Edmunds in order to 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.

The College has made progress on promoting outreach facilities working more closely with students in towns in close proximity to Bury St Edmunds to extend participation to students who are unable or find it difficult to come to the main campus in Bury St Edmunds. Notably the establishment of an animal care course at Newmarket Academy has introduced College provision to a new cohort of young people in the Newmarket area and it is hoped that this will increase in the coming year. After the year end the College opened its operations at the Charles Burrell Centre in Thetford opening opportunities for people in Thetford and south west Norfolk to participate in the College's provision. As with Newmarket, it is planned to use this provision to raise the College's profile in the locality and foster progression to courses at other College sites.

The College's healthy numbers of HE students will continue to be nurtured as this 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.

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.

RESOURCES

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 some funding challenges and it enjoys 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.

In contrast to 2013/14, the 2014/15 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 2014/15:

- Remodelling of the MESS (Maths and English Study Space)
- Commencement of the relocation of the Gas and Oil training centre from the main campus to the Milburn Centre
- Creation of two new teaching spaces at the Milburn Centre
- Investment in the improvement of HE Music Technology accommodation
- Relocation of employer engagement staff to Gibraltar House
- Creation of a new HE Student common room

In addition, the roofs of both the COVE and Bistro were refurbished and necessary periodic maintenance and decoration was carried out across the main sites.

In terms of resources, 130 keyboard tablets were acquired in order to create a flexible hardware solution thereby removing the need to create more static IT classrooms. This initiative has proved extremely popular with staff and students alike and allowed the College to increase the flexibility of room usage and location at a fraction of the cost.

The college has employed an average of 468 FTE staff during the year which is an increase of 12 from 456 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 448 are permanent staff and there are 164 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 continues to further 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 currently graded as high are:

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 and will be 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 on non-attendance swiftly; and
- Review 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 diversity 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 severe 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 the New Anglia LEP (NALEP) and the Greater Cambridge and Greater Peterborough LEP and during the year was successful in obtaining approval for an £8m engineering and STEM project partly funded by NALEP.

The College has links with many local employers and their representative groups, for example the Chamber of Commerce, Institute of Directors, etc. 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 Bury St Edmunds Chamber re-located its 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 team of staff whose function is to work with employers. Employers 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 has six centres and delivers a wide range of provision, particularly for adults in the local community and in future a wider range of provision to ensure the College and learning is easily accessible throughout local communities.

College staff are involved with a range of community groups.

Suffolk Academies Trust

In July 2015 the College created Suffolk Academies Trust as a means of facilitating the admission of an academy into a multi academy trust. On the 1st September 2015 the sixth form foundation school, One in Ipswich, became an academy and was admitted to the Suffolk Academies Trust. The closer links of West Suffolk College and One will strengthen educational opportunities and progression for the people of Suffolk and the wider region.

SENDAT

On 1st September 2015 West Suffolk College and Priory School became joint sponsors of a new Multi Academy Trust which set out to enhance the provision of outstanding special educational needs for the region.

The new trust is called SENDAT (Special Educational Needs and Disabilities Academy Trust) and is a unique Multi Academy Trust focusing on special schools and specialist provision in Suffolk. The Trust will enable the development of a range of provisions and the delivery of high standards and performance which will improve the life chances of children and young people with SEND (Special Educational Needs and Disabilities).Two Governors and the Principal of the College are members of SENDAT and one of those Governors is a Trustee. Two other Trustee positions have been filled by a College member of staff and another Governor.

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 prejudice. 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.

The College has committed to the 'Mindful Employer' initiative to assist the mental health wellbeing of staff. The College has also implemented and updated the Equality and Diversity training programme, which all staff are required to participate in.

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 Student 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 11 December 2015 and signed on its behalf by:

R Carter Chair

Professional Advisers

Financial statements auditors and regularity accountants:	RSM UK Audit LLP (formerly Baker Tilly 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

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 better understanding of its governance and legal structure.

The College endeavours to conduct its business:

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

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

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

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

The Corporation

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

Member	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Attendance	Committees served
Mrs J Bloomfield	01.01.00 Re-appointed 04 08,12	4 years		Independent member	2/3	Standards & Excellence Appointments & Governance and Remuneration
Mr W Burrlock	14.10.11	4 years	31.07.15	Staff member	1/3	Audit and Risk Management Standards & Excellence
Mr R Carter	01.08.01 Re-appointed 05, 09,13	4 years		Independent member	3/3	Chair: Corporation (from 01.08.10) Resources Appointments & Governance and Remuneration
Mr S Clarke	14.12.12	4 years		Independent member	3/3	Resources
Mrs S Daley	20.03.15	3 years		Independent member	3/3	Standards and Excellence
Miss J Finn	02.10.04 Re-appointed 08,12	4 years	27.04.15	Independent member	1/2	Standards and Excellence
Mr S Gerber	05.10.07 Re-appointed 11,15	1 year		Staff member	3/3	Resources Appointments & Governance and Remuneration
Mr K Golding	01.02.06 Re-appointed 09,13	4 years		Independent member	3/3	Vice Chair: Corporation Audit and Risk Management Appointments & Governance and Remuneration
Mr A L Gordon-Stables MBE	01.10.89 Reappointed 93 97 01 05 09 & 13	4 years	01.09.15	Independent member	3/3	Resources
Mr A Head	01.08.14 Reappointed 15	1 year		Student member	3/3	Standards and Excellence
Mrs F Hotston Moore	12.12.14	3 years		Independent member	3/3	Resources
Mr A Maltpress MBE	14.12.12	4 years		. Independent member	3/3	Resources Audit and Risk Management Standards and Excellence
Mrs C Manning	01.08.08 Re-appointed 12	4 years		Independent member	3/3	Audit and Risk Management
Dr N Savvas	5.8.13	Whilst in post		Principal	3/3	Resources Standards and Excellence Appointments & Governance and Remuneration
Mrs M Symonds	14.12.12	4 years	20.03.15	Independent member	3/3	Standards and Excellence Appointments & Governance and Remuneration
Mrs D Wildridge	15.12.11 Reappointed 15	3 years		Independent member	0/3	Resources Appointments & Governance and Remuneration
K Heathcote	01.08.15	3 years		Staff member		Standards and Excellence
R Inman	01.09.15	3 years		Independent member		Audit and Risk Management
C Higgins	01.08.15	3 years		Independent member		Resources
J Gazzard	01.08.15	1 year		Co-opted member		Audit and Risk Management Standards and Excellence
N Roberts	14.12.12 Re-appointed 13,14,15	1 year		Co-opted member	3/4	Co-opted member to Audit and Risk Management

Mrs J Bridges has acted as Clerk to the Corporation throughout the year.

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 any other information such as performance against 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 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 also 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 judgment.

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 Advisory 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 four years.

Appointments, Governance and Remuneration Committee

Throughout the year ending 31 July 2015, the College's Remuneration Committee comprised six members of the Corporation. The committee's responsibilities are to make recommendations to the Corporation on the remuneration and benefits of the Accounting Officer and other designated senior post holders.

Details of remuneration for the year ended 31 July 2015 are set out in note 8 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 one co-opted member. The committee operates in accordance with written terms of reference approved by the Corporation.

The Audit and Risk Management Committee usually 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 plan 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 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 both audit and non-audit work.

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 2015 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 2015 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the 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 auditor 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 a 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 from 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.

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

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

We confirm, on behalf of the Corporation, that ***to the best of its knowledge***, the Corporation believes it is able to identify any material irregular or improper use of funds by the College, or material non-compliance with the SFA's terms and conditions of funding under the College's financial memorandum.

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

Approved by order of the members of the Corporation on 11 December 2015 and signed on its behalf by:

Signed

R A Carter

Chair

Signed

Dr N Savvas

Accounting Officer

Statement of the Responsibilities of the Members of the Corporation

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

The laws applicable to charities in England and the terms and conditions of the Financial Memorandum between the Skills Funding Agency and the Corporation of the College, the Corporation requires the corporation of the college to prepare financial statements and the operating and financial review for each financial year in accordance with the 2007 *Statement of Recommended Practice – Accounting for Further and Higher Education* and with *the Accounts Direction for 2014 – 2015 financial statements* issued jointly by the Skills Funding Agency and the Education Funding Agency, and applicable United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) 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 Charities Act 2011 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 Further & 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 11 December 2015 and signed on its behalf by:

R A Carter

Chair **11 December 2015**

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 57. The financial reporting framework that has been applied in their preparation is United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) as set out in our engagement letter dated 18 November 2014.

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 18 November 2014. 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 18 November 2014 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 18 November 2014, 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 2015 and of the College's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

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 (formerly Baker Tilly UK Audit LLP)
Chartered Accountants
Abbotsgate House
Hollow Road
Bury St Edmunds
Suffolk
IP32 7FA

WEST SUFFOLK COLLEGE

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR TO 31 JULY 2015

	Notes	2015 Total £000	2014 Total £000
Income			
Funding body grants	2	21,595	20,825
Tuition fees	3	2,250	2,235
Other grant income	4	1,021	815
Other income	5	1,051	1,079
Investment income	6	106	64
Total income		**26,023**	**25,018**
Expenditure			
Staff costs	7,8	17,027	16,497
Other operating expenses	9	6,855	6,567
Depreciation	13	1,784	1,670
Interest and other finance costs	10	259	274
Total expenditure		**25,925**	**25,008**
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before exceptional items and tax		98	10
Loss on disposal of fixed assets		(10)	(7)
Surplus on continuing operations after depreciation of tangible fixed assets at valuation, disposal of assets, exceptional items and tax		88	3
Surplus for the year retained within general reserves		**88**	**3**

The income and expenditure account is in respect of continuing activities.

WEST SUFFOLK COLLEGE

NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS

FOR THE YEAR TO 31 JULY 2015

	Notes	2015 £000	2014 £000
Surplus on continuing operations before taxation		88	3
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	21	110	111
Historical cost Surplus for the year before and after taxation		**198**	**114**

WEST SUFFOLK COLLEGE

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR TO 31 JULY 2015

	Notes	2015 £000	2014 £000
Surplus on continuing operations after depreciation and disposal of tangible fixed assets at valuation and tax		88	3
Actuarial loss in respect of pension scheme	23	(1,566)	(3,743)
Total recognised loss relating to the year		**(1,478)**	**(3,740)**
Reconciliation			
Opening reserves		11,165	14,905
Total recognised loss for the year		(1,478)	(3,740)
Closing reserves		**9,687**	**11,165**

WEST SUFFOLK COLLEGE

BALANCE SHEET AS AT 31 JULY

	Notes	2015 £000	2014 £000
Fixed assets			
Tangible assets	13	29,552	29,180
Investments	14	0	0
Total fixed assets		29,552	29,180
Current Assets			
Stock		36	50
Debtors	15	788	875
Cash at bank and in hand	25	4,884	5,336
Total current assets		5,708	6,261
Creditors: amounts falling due within one year	16	3,577	3,531
Net current assets		2,131	2,730
Total assets less current liabilities		**31,683**	**31,910**
Creditors: amounts falling due after one year	17	7,393	7,897
Provisions for liabilities and charges	19	103	85
Net assets excluding pension liability		**24,187**	**23,928**
Net pension liability	23	10,359	8,584
NET ASSETS (including pension liability)		**13,828**	**15,344**
Deferred capital grants	20	4,141	4,179
Reserves			
Income and expenditure account excluding pension reserve	22	16,090	15,683
Pension reserve	23	(10,359)	(8,584)
Income and expenditure account including pension reserve		5,731	7,099
Revaluation reserve	21	3,956	4,066
Total Reserves		**9,687**	**11,165**
TOTAL FUNDS		**13,828**	**15,344**

The financial statements on pages 24 to 57 were approved by the Corporation and authorised for issue on 11 December 2015 and were signed on its behalf by:

Chair	**R A Carter**	**11 December 2015**
Accounting Officer	**Dr N. Savvas**	**11 December 2015**

WEST SUFFOLK COLLEGE

CASHFLOW STATEMENT

FOR THE YEAR TO 31 JULY 2015

	Notes	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Cash inflow from operating activities	24	2,092	110
Returns on investments and servicing of finance	26	(228)	(241)
Capital expenditure and financial investment	26	(1,819)	(320)
Financing	26	(497)	(444)
(Decrease) in cash in the year	25	**(452)**	**(895)**

Reconciliation of net cash flow to movement in net debt

		£000	£000
(Decrease) in cash in the year	25	(452)	(895)
Cash inflow from new loans	25	0	0
Cash outflow from financing	25	497	444
Movement in net funds in the year		45	(451)
Net funds at 1 August		(3,058)	(2,607)
Net funds at 31 July	25	**(3,013)**	**(3,058)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 JULY 2015

STATEMENT OF ACCOUNTING POLICIES

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

Basis of Preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2007* (the SORP), the *Accounts Direction for 2014-15 financial statements* and in accordance with applicable Accounting Standards.

Basis of Accounting

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

Going concern

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

The College currently has £7.8m of loans outstanding with bankers on various terms (see note 18). 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.

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 (FRS) 2, 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 2015.

Recognition of Income

The recurrent grant from HEFCE represents the funding allocations attributable to the current financial year and is credited direct to the income and expenditure account.

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Skills budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of November following the year end, and the results of any funding audits.

16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments; the income recognised is the allocation for the year.

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

Income from Tuition Fees is recognised in the period for which it is earned and includes all fees payable by students or their sponsors, for example employers.

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

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

Post- retirement benefits

Retirement benefits for employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS) in Suffolk. These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme (SERPS), and the assets are held separately from those of the College.

The TPS is an unfunded scheme and contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quadrennial valuations using a prospective benefit method. As stated in note 23, the TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

Tangible Fixed Assets

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. On implementation of FRS15 at 31 July 1999, the College took advantage of the transitional rules.

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

On adoption of FRS 15, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

b) Assets under Construction

Assets under construction are accounted for at cost, based on the value of architect's certificates and other direct costs, incurred to 31 July. 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 bases
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

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

Leased Assets

Costs in respect of operating leases have been charged 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.

Stocks

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Maintenance of Premises

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

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for

UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

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

Liquid Resources

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

Provisions

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.

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 31, 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.

2 FUNDING BODY GRANTS

	Total 2015 £000	Total 2014 £000
Recurrent grant – EFA	12,252	11,489
Recurrent grant - SFA	5,166	5,361
Recurrent grant - HEFCE	3,300	3,391
Non recurrent grants – EFA/SFA	729	450
Releases of deferred capital grants (note 20)	148	134
	21,595	**20,825**

The figures above include £131k of funding relating to the 2013-14 financial year, which was not confirmed by the SFA / UCS until after 31 July 2014. Therefore this income is included in the 2014-15 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 2015 £000	Total 2014 £000
Income from Funding Bodies	978	1,210
Payments to non-College partners	(814)	(1,013)
Net Income	**164**	**197**

3 TUITION FEES

	2015 £000	2014 £000
Tuition fees	1,630	1,725
24+ Loan income	620	510
	2,250	2,235

4 OTHER GRANT INCOME

	2015 £000	2014 £000
European Funds	234	82
Other grants and contracts	250	136
Releases from non SFA deferred capital grants (note 20)	311	311
SCC Additional Learning Needs	226	286
	1,021	815

5 OTHER INCOME

	2015 £000	2014 £000
Catering and residence operations	763	759
Miscellaneous	162	149
Resale Materials	70	125
Car Park	41	44
Lettings	15	2
	1,051	1,079

6 INVESTMENT INCOME

	2015 £000	2014 £000
Interest receivable	31	33
Pension Finance Income	75	31
	106	64

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:

	2015 Number	2014 Number Restated
Teaching Departments	173	168
Teaching Departments – non teaching	63	62
Teaching Support Services	99	94
Other Support Services	33	33
Administration & Central Services	73	71
Premises	14	15
Catering	13	13
	468	**456**

Staff costs for the above persons:	**2015 £000**	**2014 £000**
Teaching Departments	7,287	7,180
Teaching Departments – non teaching	2,669	2,607
Teaching Support Services	2,534	2,363
Other Support Services	814	786
Administration & Central Services	2,626	2,527
Premises	425	431
Catering	324	332
FRS17 adjustment	284	251
Restructuring Costs	52	4
Miscellaneous	12	16
	17,027	**16,497**

	2015 £000	**2014 £000**
Wages & Salaries	13,684	13,374
Social Security Costs	901	906
Pension Costs (including FRS17 adjustments)	2,390	2,213
Restructuring Costs	52	4
	17,027	**16,497**

	2015 £000	**2014 £000**
Employment costs for staff on permanent contracts	14,707	14,498
Employment costs for staff on short term or temporary contracts	1,984	1,744
FRS17 adjustment	284	251
Restructuring Costs	52	4
	17,027	**16,497**

7 STAFF COSTS (cont'd)

The number of senior post holders who received annual emoluments excluding pension contributions but including benefits in kind in the following ranges was:-
The number of other staff who received annual emoluments excluding pension contributions but including benefits in kind above £60,000 were NIL

	2015 Number of senior post-holders	2015 Number of other staff	2014 Number of senior post-holders	2014 Number of other staff
• £50,001 to £60,000 p.a.	1	0	1	0
• £70,001 to £80,000 p.a.	2	0	1	0
• £80,001 to £90,000 p.a.	2	0	1	0
• £90,001 to £100,000 p.a.	1	0	1	0
• £120,001 to £130,000 p.a.	1	0	1	0
	7	0	5	0

8 EMOLUMENTS OF SENIOR POSTHOLDERS AND MEMBERS

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

	2015	2014
The number of senior post-holders including the Accounting Officer was:	7	5
For comparison purposes the 7 includes a senior post holder who was employed for part of the year and who has now left the College.		

Senior post-holders' emoluments are made up as follows:	£000	£000
Salaries	461	456
Benefits in kind	5	11
Pension contributions	65	62
Total emoluments	**531**	**529**
The above emoluments include amounts payable to the Accounting Officer(s) (who are also the highest paid senior post-holders) of:		
Outgoing Accounting Officer		
Salaries	0	11
Benefits in kind	0	0
Pension contributions	0	1
Subtotal	**0**	**12**
Incoming Accounting Officer		
Salaries	130	129
Pension contributions	18	18
Subtotal	**148**	**147**

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

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

9 OTHER OPERATING EXPENSES

	2015 £000	2014 £000
Teaching costs	2,463	2,317
Non-teaching costs	2,801	2,690
Premises costs	1,591	1,560
	6,855	6,567

Other operating expenses include:

	2015 £000	2014 £000
Auditor's remuneration:		
Financial statements audit - College	23	24
Internal audit	28	25
Other services provided by financial statements auditors	1	4
Hire of other assets - land and buildings	145	122
Hire of other assets - operating leases	540	632

10 INTEREST AND OTHER FINANCE COSTS

	2015 £000	2014 £000
On bank loans, overdrafts and other loans:		
Repayable within 5 years, by instalments	1	1
Repayable wholly or partly in more than 5 years	258	273
Total	**259**	**274**

13 TANGIBLE FIXED ASSETS

	Land and buildings freehold £000	Buildings under construction £000	Equipment £000	Total £000
Cost or valuation				
At 1 August 2014	37,155	187	3,141	40,483
Additions	42	1,682	517	2,241
Disposals	0	0	(445)	(445)
Asset reclassification to Non Fixed Assets	0	(74)	0	(74)
Asset reclassification	324	(1,790)	1,466	0
At 31 July 2015	**37,521**	**5**	**4,679**	**42,205**
Depreciation				
At 1 August 2014	8,895	0	2,408	11,303
Charge for the year	1,463	0	321	1,784
Disposals	0	0	(434)	(434)
At 31 July 2015	**10,358**	**0**	**2,295**	**12,653**
Net book value at 31 July 2015	**27,163**	**5**	**2,384**	**29,552**
Net book value at 31 July 2014	28,260	187	733	29,180

13 TANGIBLE FIXED ASSETS

	Land and buildings freehold £000	Buildings under construction £000	Equipment £000	Total £000
Analysis of net book value				
Inherited	4,330	0	0	4,330
Financed by capital grants	4,122	0	22	4,144
Other	18,711	5	2,362	21,078
Net book value at 31 July 2015	**27,163**	**5**	**2,384**	**29,552**
Analysis of cost or valuation at 31 July 2015				
Valuation in 1996	6,763	0	58	6,821
Cost	30,758	5	4,621	35,384
Cost or valuation at 31 July 2015	**37,521**	**5**	**4,679**	**42,205**

Included within land and buildings is freehold land of £1,562,715 (2014 £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 £4.3m (2013/14 £4.4m). Previously these land and buildings had been valued at open market value established as £2.7m by independent valuers in April 1993. The transitional rules set out in FRS15 Tangible Fixed Assets have been applied on implementing FRS15. Accordingly, the book values at implementation have been retained.

Land and buildings with a net book value of £22,396,340 (2013/14 £24,787,870) have been partially funded by exchequer funds. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the Learning and Skills Council and successor organisations, to surrender the proceeds.

Where capital grant has funded assets, this grant will be released to the income and expenditure account over the remaining life of the assets. The release to the income and expenditure account in the current year in respect of capital grants was £459,009 (2013/14 £444,998).

If inherited fixed assets had not been revalued they would have been included at historical cost, aggregate depreciation and net book value which would be nil for all assets.

14 INVESTMENTS

	2015 £000	2014 £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.

15 DEBTORS

	2015 £000	2014 £000
Amounts falling due within one year		
Trade debtors	139	239
Other debtors	5	1
Prepayments and accrued income	553	339
Amounts owed by Skills Funding Agency	91	94
Amounts owed by University Campus Suffolk	0	202
Amounts due from subsidiary companies	0	0
	788	**875**

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £000	2014 £000
Bank loans (note 18a)	470	463
Energy loan (note 18b)	34	34
Trade creditors	712	805
Sundry creditors	14	20
Other taxation and social security	287	282
Accruals and deferred income	1,307	1,162
Payments received in advance – Skills Funding Agency	593	340
Payments received in advance – EFA	114	0
Payments received in advance - UCS	46	0
Other amounts owed to Skills Funding Agency	-	425
	3,577	**3,531**

17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2015 £000	2014 £000
Bank Loans (note 18a)	7,342	7,812
Energy loan (note 18b)	51	85
	7,393	**7,897**

18 BORROWINGS

(a) Bank Loans

	2015 £000	2014 £000
Bank loans repayable within 1 year	470	463
Bank loans repayable between 1 and 2 years	479	470
Bank loans repayable between 2 and 5 years	1,493	1,466
Bank loans repayable in more than 5 years	5,370	5,876
	7,812	**8,275**

The College has three loans outstanding:
A loan of £3.5m of which £2.575m 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 £2.05m 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 £3.187m remains outstanding; this loan attracts interest of Libor plus 1.5% and is repayable in equal instalments to end 2028

(b) Energy Loan

	2015 £000	2014 £000
Energy loan repayable within 1 year	34	34
Energy loan repayable between 1 and 2 years	34	34
Energy loan repayable between 2 and 5 years	17	51
	85	**119**

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

19 PROVISIONS FOR LIABILITIES AND CHARGES

	Barrack Wall £000	Total £000
At 1 August 2014	85	85
Transfer from income and expenditure account	25	25
Expended in the period	(7)	(7)
Provisions for Liabilities and Charges at 31 July 2015	**103**	**103**

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. Works are ongoing, and the provision has been further increased for works yet to be completed.

20 DEFERRED CAPITAL GRANTS

	Funding Body Grants £000	Other Grants £000	Total Grants £000
At 31 July 2014 – Land and Buildings	2,532	1,584	4,116
At 31 July 2014 – Equipment	23	40	63
	2,555	1,624	4,179
Cash received – Land and Buildings	421	0	421
Cash received – Equipment	0	0	0
Released to income and expenditure account:			
Land and buildings	(138)	(279)	(417)
Equipment	(10)	(32)	(42)
At 31 July 2015 – Land and Buildings	2,815	1,305	4,120
At 31 July 2015 – Equipment	13	8	21
At 31 July 2015	**2,828**	**1,313**	**4,141**

Grant received from the Skills Funding Agency relates to support for the Bio mass boiler of £420,750

21 REVALUATION RESERVE

	2015 £000	2014 £000
At 1 August 2014	4,066	4,177
Transfer from revaluation reserve to income and expenditure account in respect of depreciation	(110)	(111)
At 31 July 2015	**3,956**	**4,066**

22 MOVEMENT ON GENERAL RESERVES

	2015 £000	2014 £000
At 1 August 2014	7,099	10,728
Transfer from revaluation reserve to income and expenditure account	110	111
Surplus retained for the year	88	3
Actuarial loss in respect of pension scheme (note 23)	(1,566)	(3,743)
At 31 July 2015	**5,731**	**7,099**
Balance represented by:		
Pension reserve	(10,359)	(8,584)
Income and expenditure account	16,090	15,683
At 31 July 2015	**5,731**	**7,099**

23 PENSION AND SIMILAR OBLIGATIONS

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

Total pension cost for the year	**2015 £000**	**2014 £000**
LGPS: Contributions paid	1,340	1,182
LGPS: FRS17 adjustment	284	251
Total operating charge to the Income and Expenditure account under Staff Costs	1,624	1,433
Teachers' Pension Scheme: contributions paid	766	780
Total Pension Cost for Year	2,390	2,213

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 £1,038 (2014 £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 Regulations 2010 and, from 1 April 2014 by the Teachers' Pensions Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and some teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

23 PENSION AND SIMILAR OBLIGATIONS (continued)

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

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

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

Scheme Changes

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

23 PENSION AND SIMILAR OBLIGATIONS (continued)

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

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

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

The pension costs paid to TPS in the year amounted to £766,000 (2014: £780,000).

FRS17

Under the definitions set out in Financial Reporting Standard 17 (FRS17) Retirement Benefits, the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate funds administered by Suffolk County Council. The total contribution made for the year ended 31 July 2015 was £1,727,865 of which employer's contributions totalled £1,339,762 and employees' contributions totalled £388,103. The agreed employer contribution rates for future years are 22.8% for employers currently, rising to 24.5% April 2016 and range from 5.5% and 12.5% for employees depending on their salary.

FRS 17

Principal Actuarial Assumptions

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

	At 31 July 2015	At 31 July 2014
Rate of increase in salaries	4.5%	4.5%
Rate of increase for pensions in payment / inflation	2.6%	2.7%
Discount rate for scheme liabilities	3.6%	4.0%
Expected return on assets	3.6%	5.8%
Inflation assumption (CPI)	2.6%	2.8%
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 current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 July 2015	At 31 July 2014
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

23 PENSION AND SIMILAR OBLIGATIONS (continued)

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

	Return expected as at 31 July 2015	Fair Value at 31 July 2015 £'000	Return expected as at 31 July 2014	Fair Value at 31 July 2014 £'000
Equities	3.6%	17,835	6.7%	15,550
Bonds	3.6%	5,169	3.8%	4,507
Property	3.6%	2,585	4.7%	2,254
Cash	3.6%	258	3.6%	225
Total market value of assets		**25,847**		**22,536**
Present value of scheme liabilities				
- Funded		(36,206)		(31,120)
Deficit in the scheme		**(10,359)**		**(8,584)**

Analysis of the amount charged to income and expenditure account

	2015 £'000	2014 £'000
Current service cost (net of employee contributions)	1,614	1,428
Total operating charge	**1,614**	**1,428**
Analysis of pension finance income / (costs)		
Expected return on pension scheme assets	1,346	1,202
Interest on pension liabilities	(1,271)	(1,171)
Pension finance income / (costs)	**75**	**31**

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

	2015 £'000	2014 £'000
Actuarial gain on pension scheme assets	879	45
Actuarial (loss) on scheme liabilities	(2,445)	(3,788)
Actuarial loss recognised in STRGL	**(1,566)**	**(3,743)**

23 PENSION AND SIMILAR OBLIGATIONS (continued)

Movement in deficit during year	**2015 £000**	**2014 £000**
Deficit in scheme 1 August	(8,584)	(4,621)
Employer service cost (net of employee contributions)	(284)	(251)
Net interest / return on assets	75	31
Actuarial loss	(1,566)	(3,743)
Deficit in scheme 31 July	(10,359)	(8,584)

Changes in the present value of the defined benefit obligation were as follows:	**2015 £000**	**2014 £000**
Liabilities at 1 August	31,120	24,813
Service cost	1,614	1,428
Interest cost	1,271	1,171
Employee contributions	388	377
Actuarial loss	2,445	3,788
Benefits paid	(632)	(457)
Liabilities at 31 July	**36,206**	**31,120**

Changes in the fair value of scheme assets were as follows:		
Assets at 1 August	22,536	20,192
Expected return on assets	1,346	1,202
Actuarial gain	879	45
Employer contributions	1,330	1,177
Employee contributions	388	377
Benefits paid	(632)	(457)
Assets at 31 July	**25,847**	**22,536**

Amounts for the current and previous four periods are as follows:

	Year ended 31 July 2015 £000	**Year ended 31 July 2014 £000**	**Year ended 31 July 2013 £000**	**Year ended 31 July 2012 £000**	**Year ended 31 July 2011 £000**
Defined benefit obligation	(36,206)	(31,120)	(24,813)	(22,119)	(17,771)
Scheme assets	25,847	22,536	20,192	16,340	15,064
Deficit	**(10,359)**	**(8,584)**	**(4,621)**	**(5,779)**	**(2,707)**
Experience adjustments on scheme liabilities	(182)	(552)	0	(173)	596
Experience adjustments on scheme assets	879	45	2,089	(859)	631
Total amount recognised in STRGL:	(1,566)	(3,743)	1,519	(3,055)	1,746

The estimated value of employer contributions for the year ended 31 July 2016 is £1,288,000

24 RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2015 £000	2014 £000
Surplus on continuing operations after depreciation of assets at valuation	88	3
Depreciation (note 13)	1,784	1,670
Deferred capital grants released to income (notes 2, 4)	(459)	(445)
Decrease/(increase) in stock	14	(24)
Interest and other finance costs (note 10)	259	274
Pension cost less contributions payable (notes 7 and 23)	284	251
Decrease in debtors	87	174
Increase/ (decrease) in creditors	39	(1,766)
Loss on disposal of fixed assets	84	198
Increase/ (decrease) in provisions (note 19)	18	(161)
Interest receivable (note 6)	(106)	(64)
Net cash inflow from operating activities	**2,092**	**110**

25 ANALYSIS OF CHANGES IN NET DEBT

	At 1 Aug 2014 £000	Cash flows £000	Other changes £000	At 31 July 2015 £000
Cash in hand, at bank	5,336	(452)	0	4,884
Debt due within 1 year	(497)	497	(504)	(504)
Debt due after 1 year	(7,897)	0	504	(7,393)
Total	**(3,058)**	**45**	**0**	**(3,013)**

26 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Returns on investments and servicing of finance		
Interest received	31	33
Interest paid	(259)	(274)
Net cash outflow on servicing of finance	**(228)**	**(241)**
Capital expenditure		
Purchase of tangible fixed assets	(2,241)	(884)
Proceeds from sale of fixed assets	1	33
Deferred capital grants received	421	531
Net cash outflow from capital expenditure	**(1,819)**	**(320)**
Financing		
Repayment of amounts borrowed	(497)	(444)
Loan drawdown	0	0
Capital element of finance lease rental payments	0	0
Net cash outflow from financing	**(497)**	**(444)**

27 CAPITAL COMMITMENTS

	2015 £000	2014 £000
Commitments contracted for at 31 July 2015	**53**	**581**

28 FINANCIAL COMMITMENTS

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

	2015 £000	2014 £000
Land and Buildings		
Expiring within 1 year	23	0
Expiring in 2 to 5 years	113	60
Expiring after 5 years	0	62
	136	**122**
Other		
Expiring within 1 year	50	68
Expiring in 2 to 5 years	327	303
	377	**371**

29 CONTINGENT LIABILITIES

The college has been successful in achieving LEP funding confirmation from the New Anglia LEP (NALEP) .It is expected that this funding will be used to acquire a site in Bury St Edmunds in order to deliver STEM and related curriculum subjects.
It is proposed that the building will be leased back to the current occupiers for an estimated period of between 12 and 24 months prior to refurbishment and occupation.

30 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 2015 no material related party transactions requiring disclosure occurred.

At 31st July 2015, Magna Carta Consultants Limited owed £122,958 (2014 £122,958) to West Suffolk College. This balance has been fully provided against in both 2015 and 2014. Magna Carta Consultants Limited is a wholly owned subsidiary of West Suffolk College.

At 31st July 2015, the balance owed by Suffolk Apprenticeships Limited to West Suffolk College was NIL (2014 NIL).
Suffolk Apprenticeships Limited is a wholly owned dormant subsidiary of West Suffolk College.

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

31 AMOUNTS DISBURSED AS AGENT

Adult Discretionary Support

	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Funding body grants – hardship support	160	170
Funding body grants – 20+ childcare support	61	104
Funding body grants – 24+ loan bursary	127	97
	348	371
Disbursed to students	(163)	(195)
Disbursed to third parties	(2)	(5)
Amount consolidated in financial statements	(10)	(23)
Administration costs	(13)	(19)
Balance unspent at 31 July, included in creditors	**160**	**129**

EFA 16-19 Bursary Funds

	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Funding body grants – hardship support	293	279
Funding body grants – free school meals	69	0
Funding body grants – vulnerable student bursaries	30	55
Funding body grants – recycling of grants received previous years	0	11
	392	345
Disbursed to students	(197)	(209)
Disbursed to third parties	(26)	(53)
Amount consolidated in financial statements	(39)	(66)
Administration costs	(16)	(17)
Balance unspent at 31 July, included in creditors	**114**	**0**

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 Income and Expenditure Account.

Western Area Board

	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Funding received	33	58
Funds distributed to third parties	(12)	(21)
Amount recognised in Income	21	37

The College acts as custodian for receipt of funds to support the activities of the Western Area Board. These funds are then paid out to third parties and the College therefore only acts as a paying agent.

Income received which has been paid out to parties has been excluded from these financial statements.

32 POST BALANCE SHEET EVENTS

The College set up the Suffolk Academies Trust which was incorporated on the 24th July 2015 in order to facilitate the admittance of the One sixth form foundation school in Ipswich to a multi academy trust. On the 28th August 2015, the College purchased the freehold of the site that housed the school and from the 1st September 2015 the school became an academy as part of the Suffolk Academies Trust with the premises leased back to the academy by the College.

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 12th November 2014 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 2014 to 31 July 2015 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 2014 to 31 July 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency. We performed a limited assurance engagement as defined in that framework 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 2014 to 31 July 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

RSM UK AUDIT LLP (formerly Baker Tilly UK Audit LLP)
Chartered Accountants
Abbotsgate House
Hollow Road
Bury St Edmunds
Suffolk
IP32 7FA