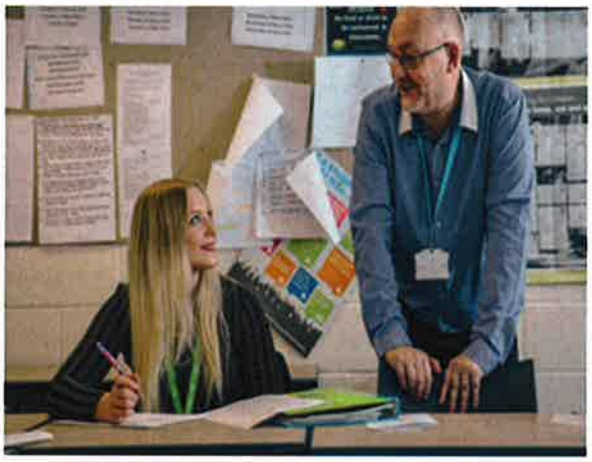
CITY of BRISTOL COLLEGE

City of Bristol College

Members' report and financial statements

For the year ended 31 July 2016

Professional advisers

Financial statements auditor:	KPMG LLP One Snowhill Snow Hill Queensway Birmingham, B4 6GH
Internal auditors:	RSM Risk Assurance Services LLP Hartwell House 55 – 61 Victoria Street Bristol, BS1 6AD
Bankers:	National Westminster Bank plc 32 Corn Street Bristol BS99 7UG
	Barclays Bank plc Bristol and North Somerset Group PO Box 207 Bristol BS99 7AJ
	Lloyds TSB Canons House Canons Way Bristol, BS99 7LB
Solicitors:	Burges Salmon Narrow Quay House Prince Street Bristol BS1 4AH
	Osborne Clarke 50 Queen Charlotte Street Bristol BS1 4HE
	Eversheds Senator House 85 Queen Victoria Street London EC4V 4JL

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Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting the business of City of Bristol College. The College is an exempt charity for the purposes of the Charities Act 2011.

Financial highlights

The financial out-turn for 2015/16 is substantially improved on 2014/15, considerable work having been undertaken in year to restructure the cost base of the college and improve financial control. Income for the year has reduced by £5m from 2014/15 but total savings of £13m have been effected in expenditure lines during the period, which, in combination with changes in pension charges and other gains, has led to a net improvement of £7.5m in the underlying operating position.

The results for the year show a group deficit on operations before other gains and losses of £2,436k *(2014/15: deficit of £10,723k).* During the year, there was a profit on disposal of fixed assets of £1,234k *(2014/15: £165k)*, producing an operating deficit of £1,202k *(2014/15: operating deficit of £10,558k).* At 31 July 2015 the College had cash balances of £2.3m *(2014/15: £1.7m).* Balance Sheet reserves have been impacted by the increase in net pension liability, the restatement of opening balances and the inclusion of £18m deferred capital grants in long-term and short term creditors under FRS102.

	2015/16	2014/15
	£000	£000
Operating Deficit	(1,202)	(10,558)
Gain on disposal of fixed assets	(1,234)	(165)
Consolidated deficit before other gains and losses	(2,436)	(10,723)
Restructuring costs	1,953	2,938
FRS102 pension charge	1,024	1,034
Overage income	-	(208)
Underlying operating surplus/(deficit) for the year	541	(6,959)

The College

City of Bristol College is a large further and higher education college situated in the heart of Bristol.

It offers a wide range of academic and vocational qualifications across Bristol, with more than 2,000 courses available from entry to degree level and provides education and training to more than 9,000 learners.

Operating and Financial Review *(continued)*

Public Benefit

City of Bristol College is an exempt charity under the Part 3 of the Charities Act 2011 and from 1st September 2014, is regulated by the Department of Education as Principal Regulator for all Further Education Corporations in England.

The members of the Governing Body, who are trustees of the charity, are disclosed on pages 12 to 14.
In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

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

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

Area-based Review and the College's Role in the South West

In January 2016, the College was subject to Area-based Review undertaken by the FE Commissioner which examined current post-16 provision across the West of England Local Enterprise Partnership area and made formal recommendations for future provision on the basis of evidence gathered in the process.

The recommendations for the College arising from the Review were:

- To stand alone as an independent college with a Fresh Start approach

- To evaluate divestment of 'A' level provision as part of a 3-5 year strategy which secures high quality, technical, professional and vocational education for the city of Bristol

- To evaluate the potential to relocate construction provision to the South Bristol Skills Academy (SBSA) as part of a joint approach with the proposed Strategic Planning Group which will include consideration of any capital cost implications arising from the transfer

An independent report was commissioned to aid the evaluation of the second and third recommendations and, following evaluation, all of the recommendations will be decided upon by the Board of Governors.

College Centres

As part of its ongoing Property Strategy, the College has reduced its estate to comprise four main centres open across Bristol at; Ashley Down, College Green, Parkway/Advanced Engineering Centre and South Bristol Skills Academy, offering excellent facilities including purpose-built, well-equipped classrooms and workshops. The Soundwell site was closed in the summer of 2015 and is currently being held for re-sale. This rationalisation has improved efficiency of learning delivery and the quality of facilities in use. In addition, there are a wide range of community partners allowing the College to offer courses in a number of different venues across the City.

Operating and Financial Review *(continued)*

Staff

The College employs in the region of 1,000 well-qualified staff. In order to re-base the cost structure to ensure a sustainable operating position, significant restructuring programmes were undertaken in 2015/16, which have resulted in a fall in the overall number of Full-Time Equivalent (FTE) staff employed by the College. These were accompanied by a number of new control measures for recruitment and monitoring of staff costs. Prudent recruitment and retention of good staff remains crucial to the College's future plans. The latest financial plans protect a substantial annual investment in training and development for the staff body. In addition, the College plans to institute more opportunities for staff engagement in decision-making and opportunities for consultation via fora and planning groups. The College invests in staff via a number of routes and new methods for rewarding and motivating staff are always under consideration.

From January 2016 a new management team has been in place, including a new Principal and Chief Executive. The Principal and Chief Executive was appointed by the Governors in 2015 and, having previously been part of the management team of Hull College Group, has significant experience of managing a large multi-site, multi-disciplinary college in an urban environment. Other members of the new team bring a large number of years of collective experience of managing in the Further Education sector, several having been recruited from Ofsted Grade 1 colleges. The team is already working effectively to implement changes, having determined a new Strategic Plan and set key objectives to achieve it.

Learners

14-19-year-olds: The College is the main provider of post-16 education in Bristol with 5,000 16-18 year old students following College-based or Apprenticeship programmes. The College also links with several local schools to provide learning for 14 – 16 year olds.

Adults: Nearly 7,000 adults choose to study with the College each year at one of our four main centres, at one of our local community partner venues or in their own workplace.

Apprentices: The College is one of the largest further education providers of Apprenticeships in England with around 2,000 of our students aged 16-18 and 19+ studying for an Apprenticeship at the College.

Higher Education students: By working together with universities and awarding bodies, the College has made significant contributions to the delivery of higher education in Bristol. These include developing specialist courses for the region, and generally widening participation in higher education in the area.

Employers: The College's employer-focused training helps businesses train and develop their workforce, helping bridge the gap between local jobs and local skills.

Fresh Start Approach

As part of the outcome of Area-based Review, the College is operating a Fresh Start approach which allows it to continue operating as an independent organisation. The Fresh Start approach acknowledges the College's ability to secure a turnaround in financial position and quality, with a view to coming out of administered status. In addition, the College will be supported through the Fresh Start process by a Strategic Implementation Group, which will be constituted by experts drawn from education, private business and financial organisations with experience of commercial decision-making, quality improvement and "turnaround" implementation.

Operating and Financial Review *(continued)*

Financial Objectives

In July 2016, the College submitted a new three year financial plan to the Skills Funding Agency. The Agency assesses financial health of organisations by the scoring of three key metrics: adjusted current ratio; EBITDA as % of income and borrowing as % of income. The plan anticipates the underlying financial health returning to Satisfactory by FY2017.

		2016	2017	2018
Ratios				
1	Adjusted current ratio	0.43	0.44	0.72
2	EBITDA as a % of income - education specific	0.35%	11.39%	11.31%
3	Borrowing as a % of income	59.72%	43.96%	38.47%
Calculation of grade				
4	Adjusted current ratio	0	0	30
5	EBITDA as a % of income - education specific	0	100	100
6	Borrowing as a % of income	10	40	50
7	**Total points**	**10**	**140**	**180**
8	**Financial health grade (automated)**	**Inadequate**	**Satisfactory**	**Good**

In addition, the College has set a full range of quality and financial KPIs, encompassing short-term and long-term targets. This full suite of KPIs is being monitored by the College Governors and also by the Skills Funding Agency via regular Fresh Start meetings.

The College has set the following Financial Objectives/KPIs, which are delivered by the Financial Plan.

KPI	Short-Term Target	Long-Term Target
Operating Surplus	Break-even	3% of income
Salary costs % of income	66% of income	65% of income
Cash days in hand	15	60
Reliance on Agency Income	70%	65%
Financial Health Score	Satisfactory	Good

Operating and Financial Review *(continued)*

Financial Performance 2015/16

The out-turn operating position, before actuarial losses from the pension scheme, is substantially improved on previous years, with an operating deficit (before income from property sales) of £2.4m compared with a deficit of £10.7m for 2014/15. This out-turn is in line with the revised Financial Recovery Action Plan and represents an improvement on the forecast out-turn position submitted as part of the 3 year financial plan.

To achieve this, the College implemented substantial in year restructuring of both its staffing and non-pay costs and improved the regime of financial control, reducing total expenditure for the year by £13m compared to 2015-16 levels.

The Balance Sheet position remains weak due to low existing cash balances and Exceptional Financial Support received at the start of the year, and in previous years, totalling £11.449m, which has been converted into a short-term (5 year) loan facility from the department for Business Innovation and Skills (BIS) for repayment to HM Treasury. Repayments are contingent on asset sales due to be completed in 2016/17. Included within current liabilities is £6.2m of repayments due to HM Treasury within one year. This has continued to depress the current ratio to give only a slight improvement in this indicator from 0.21 to 0.30. However, liquidity has improved in year and the cash position is stable, with no further requirement for exceptional financial support in the financial plan, and a greatly improved trading position contributing to improving cash inflows from which the remaining repayments will be made. The remainder of the BIS loan is due to be repaid in annual instalments, being fully repaid by the end of the financial year 2020/21. The College expects to be able to meet all of the repayments in full without recourse to further funding.

The net LGPS pension liability as at July 2016 has increased by £13.9m, which is largely attributable to an actuarial reduction in the discount rate from 3.8% to 2.5%.

Treasury policies and objectives

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

The College has a separate treasury management policy in place which sets out the objectives of treasury management to:-

- provide a means by which the College can meet its commitments;
- ensure that sufficient sums are available at short or no notice to meet foreseeable requirements; and
- earn an acceptable rate of return on surplus funds without undue risk.

Cash flows

In the year ended 31 July 2016 net cash inflow was £679k (2014/15 cash outflow £600k)

Operating and Financial Review *(continued)*

Curriculum developments

The curriculum offering of the College is under constant review and changes are made to meet the needs of learners and employers. Curriculum design has been a focus of attention particularly in relation to meeting the needs of employers and providing routes to employment. The College has been developing new frameworks both for Apprenticeships and Higher Apprenticeships. The College continues to focus on the development of its provision to meet LEP and locally agreed priorities such as ESOL, high needs learners, care leavers and English and maths improvement. The College is rationalising its level 2 and 3 apprenticeships frameworks, removing poor performing, low volume, niche and hard to staff (in terms of assessment and / or delivery expertise) frameworks to help improve quality and to raise success rates.

Transparency arrangements

The Corporation has adopted the FE Code of Governance and assesses that it is fully compliant with the provisions of the Code.

The Corporation conducts its business through the following committees: Audit; Curriculum and Quality; Business Services (formerly known as Finance and General Purposes); Remuneration; and Search and Governance. Each committee has terms of reference which have been approved by the full Corporation.

Full minutes of all meetings (except Remuneration Committee and Confidential Minutes) are available on the College website and from the Clerk to the Corporation at:

City of Bristol College
College Green Centre
St Georges Road
Bristol BS1 5UA

or by post at: PO Box 2887, Bristol, BS2 2BB

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.

Subsidiary Companies

The College has three subsidiary companies.

Any surpluses generated by these subsidiary companies are transferred to the College under Gift Aid.

Name	Nature of business	Trading status
Partners In Business (West) Limited	Education & Training	Trading
SBLN Limited	Vocational training and computer related activity	Dormant
South West Apprenticeship Company Limited	Apprenticeship Training Agency	Trading

Staff and student involvement

The College considers good communication with its staff to be very important and to this end the Principal sends a regular bulletin to all staff and visits each site, with members of the Strategic Leadership Teams, several times annually for face-to-face meetings. These are meetings where the Principal gives a short presentation followed by an opportunity for staff to ask questions. The College encourages active staff and student involvement through membership of formal committees.

Operating and Financial Review *(continued)*

Taxation

The majority of the College's activities are not chargeable to corporation tax.

Resources

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

Tangible resources used during the year include, College owned sites at Ashley Down, College Green, Parkway, and South Bristol Skills Academy.

Financial

The group has £30.4m of net assets (excluding the £33.8m pension liability) with long term bank debt of £12.75m.

Reputation

The College continues to have a good reputation locally despite its current Ofsted inspection grading. Maintaining a quality brand is essential for the College's success at attracting students and maintaining external relationships.

Principal risks and uncertainties

The College continues to develop and embed internal controls that include; financial, operational and risk management.

Based on the strategic plan, the Strategic Leadership Team undertakes a comprehensive review of the key risks to which the College is exposed as part of its Accountability Framework. The Framework identifies systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent monthly reviews evaluate their effectiveness and progress against risk mitigation actions.

An Accountability Framework is therefore generated by the Strategic Leadership Team and maintained at the College level which is reviewed by the Audit Committee. The framework identifies the key risks, the likelihood of them occurring, their potential impact on the College and the actions being taken for them to be reduced and mitigated. Risks are prioritised using a consistent scoring system and a "Risk Owner" is identified. The risks are reviewed at relevant committees of governors, and by managers, on an ongoing basis and any movement in the impact assessment (positive or negative) is recorded.

The principal risk factors currently identified in the Accountability Framework that affect the College are:

1. Cash flow management
2. Achievement of budget targets
3. Delivering the Estates Strategy
4. Student recruitment
5. Delivering the Post-Inspection Action Plan
6. Workforce management
7. Competition
8. Area review outcome
9. Regulatory compliance
10. Apprenticeship reform
11. Reputation management
12. Delivering the Higher Education Strategy

Operating and Financial Review *(continued)*

Quality

The College has received three Ofsted interim monitoring visits since the last inspection and has received 'reasonable progress' judgements against all of the themes scrutinised by inspectors. This indicates consistently positive improvement progress.

Note: Ofsted's definition of reasonable progress is: action taken by the provider is already having a beneficial impact on learners and improvements are sustainable and are based on the provider's thorough quality assurance procedures.

Common inspection framework judgement areas	Monitoring Visit 2 (June 2016)	Monitoring Visit 3 (November 2016)
The effectiveness of leadership and management	**Reasonable progress** The quality and implementation of an action plan **Reasonable progress** Governors' effectiveness in improving provision and holding senior leaders to account for their actions following the latest inspection	**Reasonable progress** Actions to tackle weaker curriculum areas
The quality of teaching, learning and assessment		**Reasonable progress** Monitoring and improving TLA
Personal development, behaviour and welfare	**Reasonable progress** Learners' attendance at lessons	**Reasonable progress** Learners' attendance at lessons
Outcomes for learners		**Reasonable progress** Outcomes and learners' progress **Reasonable progress** Monitoring learners' progress
Apprenticeships	**Reasonable progress** The leadership of apprentice-ships	**Reasonable progress** The leadership of apprentice-ships

- In the years preceding 2015/16, the proportion of learners who completed and achieved their qualifications had declined for three years. In 2015/16, this decline was arrested .
- The focus of quality improvement for the next year will be to further increase retention and to increase consistency of performance across sectors and levels.
- Pass rates across the College are generally high and have improved across the majority of the College's key / full qualification types. Retention remains too low and is a key focus of the post-inspection action plan. The impact of the high volumes of students having to resit their GCSE in English and / or maths has lowered retention.
- All ages/duration excluding functional skills timely success declined marginally by 1.5% (75.4%) as a result of a slight decline in retention, a small number of short courses and the impact of withdrawals as a result of the high volume of students having to resit GCSE English and maths. Pass rates were unchanged when compared to previous years.
- Long timely success declined marginally (0.5%) as a result of a 2.9% decline in retention (caused as stated above by high volume of students having to resit GCSE English and maths). Pass rates improved by 2%.
- Short course success declined by 2.1% as a result of a decline in pass rates in two high volume qualification types (ESOL where a new examination had an impact on pass rates and Counselling where students did not pass an exam but are fully expected to pass outside of the close of the 2015/16 ILR. Retention improved.

Apprenticeships

- Timely success rates for apprenticeships have improved by 5% and Ofsted in the 3rd interim monitoring visit report recognises this turnaround and improvement in practice, leadership and outcomes for apprenticeships
- The College will be within the minimum standards threshold and will not therefore suffer any sanction in relation to overall success rates outturn.

Operating and Financial Review *(continued)*

Higher education

- Success rates remain high and significantly exceed higher education norms
- Overall student satisfaction saw a small decrease from 89% to 83% in 2016 in the National Student Survey (NSS); this is however above the 80% benchmark by 3%. Overall satisfaction of stage 1 students completing the Student Perception Questionnaire (SPQ) for the Plymouth University validated programmes remained strong with a slight increase from 85.1% to 86.8%
- The College received a positive QAA (Quality Assurance Agency) review of its higher education provision in December 2015, which confirmed that it meets UK standards and good practice was identified in relation to working with employers.

The College has successfully removed all awarding organisation sanctions and blocks, regaining direct claims status across the majority of areas and in a number of the high profile areas where the blocks were significant.

Risk is closely monitored by the Strategic Leadership Team and the Curriculum and Quality Committee and is further mitigated through:

- A College Post-inspection Action Plan which has been thoroughly reviewed as part of the 3 Ofsted interim monitoring visits improvement plan which has been implemented focusing on a retention strategy (achievement has improved)
- Monthly quality reports to the SFA and EFA
- Performance interventions into underperforming areas
- The embedding of performance software to standardise and make visible assessment and progress of learners
- Trend analysis is being carried out to focus on potential weaknesses and achieve impact in key areas.
- Regular data and performance meetings with managers using new performance tools and reports
- The established use of Teaching, Learning and Assessment Coaches to work with weaker teachers and assessors
- Focused CPD and professional development activities
- Heads of Quality Improvement for each of the key student markets of FE, HE and Apprenticeships.
- Clear strategic leadership of each of the key student markets also student experience through the new Strategic Leadership Team.

Current economic conditions

The current economic conditions have created a highly volatile market resulting in uncertainty for the College; in particular, Government Policy towards the eligibility of funding for learners, who are either unemployed or at risk of redundancy. The risk to the College is that changes to rules on eligibility are not activated quickly enough to enable the needs of these learners to be met. There is a further risk to the College that individuals will not be able to afford the fees.

The College is continuing to be proactive, working with the funding bodies to influence rapid response to redress the impact of the recession.

Operating and Financial Review *(continued)*

Equal opportunities and employment of disabled persons

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

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

Disability statement

The College has implemented an Equality Framework which aims to reduce disadvantages, discrimination and inequalities of opportunity, and which promotes diversity in terms of its learners, workforce, the community and partners as well as in the services it delivers. As part of this the College recognises its legal responsibilities set out in the Equality Act 2010.

The College wants disabled people learning, working and visiting City of Bristol College to be enabled to participate fully by: -

- Removing barriers and changing attitudes that prevent disabled people from getting access to education, employment and services provided by the College and its partners.
- Promoting Disability Equality at all levels within the College.
- Working together with disabled people, organisations of disabled people and disability access groups to achieve equality of opportunity.
- Involving disabled people including our disabled employees and students on employment matters and the services we provide.
- Training its own employees, so they are aware of and have the skills to take positive action in removing barriers placed in the way of disabled people by society.
- Creating a culture where harassment and discrimination against disabled people is unacceptable and will be stopped, should it occur.
- Creating a culture where both learners and employees feel able to declare their disability so that accurate information is available to help us look at such things, reasonable adjustments, priority areas and targets for improvement.
- Act as an example of good practice to other organisations.
- Utilising our Single Equalities Scheme and Action Plan to cover all Faculties, Units and activities within the College.

The College aims to remove any identified barriers to obtaining its services and will seek to ensure that the services provided are those that are required.

Disclosure of Information to Auditors

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

Members' report approval

Approved by order of the members of the Corporation on 14 December 2016 and signed on its behalf by:

....

J Matthews
Chair

Statement of Corporate Governance and Internal Control

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

The College endeavours to conduct its business:

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

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

In the opinion of the Governors, the College complies with/exceeds all the provisions of the Code, and it has complied throughout the year ended 31 July 2016. 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 College's Foundation Code of Governance issued by the Association of Colleges in December 2011, which it formally adopted on April 2012.

Public Benefit

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

The Corporation

The members who served the Corporation during the year and up to the date of signature of this report were as follows:

Name	Date of appointment	Term of office	Date of resignation / retirement	Status of appointment	Committees served	2015-16 Attendance
Ms L Anderson	21 October 2015	4 years		Member	Curriculum & Quality	54%
Mr I Bassett	1 August 2014	4 years		Member	Business Services Remuneration	78%
Mr TW Bray	1 August 2012	4 years	22 July 2016	Member	Business Services Remuneration	94%
Mrs E J Dalley	10 December 2014	4 years	27 September 2016	Member	Member: Main Board	55%
Ms R Campbell	17 December 2012	4 years		Member	Audit, Curriculum & Quality	95%
Mr G Channon	1 August 2014	4 years		Member	Vice Chair of the Corporation Chair Curriculum & Quality, Search & Governance Remuneration	100%

Name	Date of appointment	Term of office	Date of resignation / retirement	Status of appointment	Committees served	2015-16 Attendance
Mr R Gaunt	1 November 2012 19 March 2015 (change of category)	4 years		Member	Vice Chair of the Corporation Chair: Audit Chair: Business Services (September 2016)	95%
Mr P Gaywood (Staff Governor)	13 December 2013	4 years	30 July 2016	Member	Business Services Search & Governance	100%
Ms P Grigg	1 August 2014	4 years	18 December 2015	Member	Chair: Business Services (from 11 Dec 2014); Remuneration	88%
Mr D Howarth	26 April 2016	4 years		Member	Chair: Audit (from September 2016)	100%
Mr P Jacobs	26 April 2016	4 years		Member	Curriculum & Quality	66%
Ms J Matthews	17 December 2012	4 years		Member	Chair of the Corporation (from 10 December 2014) Curriculum & Quality Search & Governance Remuneration Business Services	81%
Ms S Meadows	17 December 2012	4 years	29 January 2016	Member	Vice Chair of the Corporation, Curriculum & Quality	56%
Mr L Menzies (Co-opted)	21 October 2015			Co-opted Member	Business Services	80%
Ms L Merilion	3 September 2012		30 November 2015	Principal	Business Services Curriculum & Quality Search & Governance	79%
Ms V Moon	1 August 2014 08 May 2016 (change of category)	4 years	08 May 2016	Co-opted Member (from 08 May 2016)	Audit Search & Governance (Co-opted)	50%
Mr L Probert	1 January 2016			Principal & Chief Executive	Business Services; Curriculum & Quality Search & Governance	100%
Mr B Price	17 December 2012	4 years		Member	Business Services	100%
Mr A Riddington	21 October 2015 26 April 2016 (change of category)	4 years		Member	Business Services	60%
Mr P Rilett	11 November 2016	4 years		Member	Curriculum & Quality Search & Governance Remuneration Business Services	N.A.
Mr J Scaife (Co-opted)	1 August 2005			Co-opted Member	Audit (Co-opted)	100%

Name	Date of appointment	Term of office	Date of resignation / retirement	Status of appointment	Committees served	2015-16 Attendance
Mr R Shiner	13 December 2012	4 years	2 October 2015	Member	Audit	100%
Ms H Styles (Staff Governor)	1 January 2014	4 years		Member	Curriculum & Quality	100%
Ms M Berry (Student Governor)	9 December 2015	1 year	9 December 2016	Member		17%
Ms S Eves (Student Governor)	21 October 2015	1 year	21 October 2016	Member		13%

Mr S Davies acted as the Clerk to the Corporation during 2015/16.

The following persons acted as directors of the College's wholly owned subsidiaries Partners in Business (West) Limited and SBLN Limited: L Merilion (Principal) (resigned December 2015) Lee Probert (Principal) (from January 2016)

The following persons acted as directors of the College's wholly owned subsidiary South West Apprenticeships Company Limited (SWAC): L Merilion (Principal) (resigned December 2015); S Bradley (Director of Finance) (resigned May 2016), C Vertigen (SWAC Operations Director) and Ms M Semak (Vice Principal, Corporate Services) (resigned November 2015) Lee Probert (Principal) (appointed from January 2016), Becky Edwards (Executive Director of Finance) (appointed from 20 May 2016) and Luke Menzies (appointed from 03 January 2016).

The following persons acted as directors of the companies in which the College has membership:

Trust in Learning Limited - L Merilion (Principal) (resigned December 2015) Lee Probert (Principal) (from January 2016).

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

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

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 key issues as and when they arise.

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

There is a clear division of responsibility in that the roles of the Chair of the Corporation and the Principal & Chief Executive 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 a Search & Governance Committee which comprises of four members and one co-opted member and is responsible for the selection and nomination of any new non-elected member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

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

Corporation performance

The Corporation reviewed its performance as a part of the Annual Self-Assessment at its meeting in December 2016. The Corporation continues to make progress and has identified actions for improvement.

Remuneration Committee

Throughout the year ending 31 July 2016 the College's Remuneration Committee comprised five members. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal, other key management personnel and the Clerk.

Details of remuneration for the year ended 31 July 2016 are set out in note 8 to the financial statements.

Audit Committee

The Audit Committee comprises four members of the Corporation (who exclude the Principal, the Chair and members of the Business Services committee) and one co-opted member is a Chartered Accountant with significant audit experience. The Committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's system of internal control and its arrangements for risk management, control and governance processes.

The Audit Committee meets at least once each term and provides a forum for reporting by the College's internal and financial statement auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the SFA and other funding bodies, as they affect the College's business.

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

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

The Audit Committee also advises the Corporation on the appointment of internal 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 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 the post holder is personally responsible, in accordance with the responsibilities assigned to them in the Financial Memorandum between the College and the SFA and other funding bodies. The post holder is also responsible for reporting to the Corporation any material weaknesses or break-downs 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 City of Bristol College for the year ended 31 July 2016 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2016 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation;
- Regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against forecasts;
- Setting targets to measure financial and other performance; and
- Clearly defined capital investment control guidelines.
- The adoption of formal project management disciplines, where appropriate.

The College has an internal audit service, which operates in accordance with the requirements of the requirements of the EFA and SFA's *Joint Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee.

As a minimum, the Head of Internal Audit (HIA) annually provides the Corporation with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the college's system of risk management, controls and governance processes.

Financial Notices of Concern

As of 31 July 2016, the College had been issued with two Financial Notices of Concern by the Skills Funding Agency as part of its ongoing monitoring and management of the financial health of the sector. The two notices related to Financial Control and Financial Health. The College is starting to demonstrate improving financial health and will seek to have the financial notice of concern lifted in due course. The system of financial control is now sufficiently robust that the Financial Notice of Concern for Financial Control is expected to be lifted following completion of reporting for the 2015/2016 Financial Year.

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 and Senior Leadership Team 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 regularity auditors in their management letter and other reports.
- The input of the Audit Committee, including the annual report of the Audit Committee to the Corporation.

The Principal has been advised on the implications of the result of their review of the effectiveness of the system of internal control by the Audit Committee which oversees the work of the internal auditors and the College's Risk Register, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Principal and Strategic Leadership Team receive regular reports setting out key performance and risk indicators and consider possible control issues brought to their attention by early warning mechanisms, which are embedded across the college and reinforced by risk awareness training. The Principal, members of the Strategic Leadership Team (as appropriate) and Audit Committee also receive regular reports from the internal auditors, which include recommendations for improvement.

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control; the emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Executive and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2016 meeting, the Corporation carried out the annual assessment for the year ended July 2016 by considering documentation from the Strategic Management Team and the internal auditors, and taking into account of events since 31 July 2016.

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

Going Concern

As a result of operating deficits incurred in the financial years 2012/13 to 2014/15 the College sought Exceptional Financial Support ("EFS") from the Skills Funding Agency. These monies were received and, during 2015/16 EFS support was converted into a loan from the Department for Business, Innovation and Skills (BIS) repayable over five years ending in June 2021. In 2015/16 the College implemented a revised Financial Recovery Action Plan (FRAP) to ensure the College is financially stable going forward. The financial plan is based upon a base model which returns the College to a cash generating position from 2016/17 onwards and the disposal of 3 properties, the expected proceeds from which will be used to repay the BIS loan. The College's cash flow forecasts assume capital receipts of £4.0m in respect of the disposals of the Soundwell and Lawrence Weston campuses in May 2017. Should these receipts be delayed beyond that date, the College's loan agreement with BIS allows the scheduled loan repayment of £3.6m in May 2017 to be deferred, such that the College's operating cash flow is not adversely affected. The College also has a 25 year fixed term loan with Barclays Bank. During 2015/16 the College renegotiated loan facility covenants that support the FRAP for the period to July 2017. There-after these covenants will revert back to the original facility monitoring levels. The Corporation is satisfied that the implementation of the necessary steps to achieve the action plan have been taken.

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

Approved by order of the members of the Corporation on 14 December 2016 and signed on its behalf by:

J Matthews
Chair

L Probert
Principal & Chief Executive

GOVERNING BODY'S STATEMENT ON THE COLLEGE'S REGULARITY, PROPRIETY AND COMPLIANCE WITH FUNDING BODY TERMS AND CONDITIONS OF FUNDING

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

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

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

J Matthews
Chair

L Probert
Principal & Chief Executive

Statement of the responsibilities of the members of the Corporation

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

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

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 to enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard assets of the College and to prevent and detect fraud and other irregularities.

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

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

Approved by order of the members of the Corporation on 14 December 2016 and signed on its behalf by:

J Matthews
Chair

Independent auditor's report to the Corporation of City of Bristol College

We have audited the Group and College financial statements ("the financial statements") of the City of Bristol College for the year ended 31 July 2016 set out on pages 25 to 52. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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

Respective Responsibilities of the Corporation of City of Bristol College and Auditor

As explained more fully in the Statement of the Responsibilities of the Members of the Corporation set out on page 20, the Corporation is responsible for the preparation of financial statements which give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Corporation; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Members' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2016 and of the Group's and of the College's income and expenditure, gains and losses and changes in reserves and the Group's cash flows for the year then ended; and

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education.

Matters on which we are required to report by exception

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

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

M Rowley
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Michael Rowley
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Date: 19 December 2016

Reporting Accountant's Report on Regularity to the Corporation of City of Bristol College and the Secretary of State for Education acting through the Skills Funding Agency

In accordance with the terms of our engagement letter dated 1 October 2015 and further to the requirements of the financial memorandum with Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by City of Bristol College during the period 1 August 2015 to 31 July 2016 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

Respective responsibilities of City of Bristol College and the reporting accountant

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

Our responsibilities for this engagement are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Joint Audit Code of Practice. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2015 to 31 July 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw our conclusion included:

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

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

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

Conclusion

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

M Rowley
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Michael Rowley
For and on behalf of KPMG LLP, Reporting Accountant
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Date: 19 December 2016

Consolidated and College Statements of Comprehensive Income

	Notes	Year ended 31 July 2016 Group £'000	Year ended 31 July 2016 College £'000	Year ended 31 July 2015 Group £'000	Year ended 31 July 2015 College £'000
INCOME					
Funding body grants	2	30,812	30,812	33,517	33,517
Tuition fees and education contracts	3	9,318	9,318	10,297	10,177
Other grants and contracts	4	27	27	84	84
Other income	5	2,586	1,633	3,815	2,748
Investment income	6	8	11	15	15
Total income		**42,751**	**41,801**	**47,728**	**46,541**
EXPENDITURE					
Staff costs	7	26,817	25,864	35,297	34,151
Restructuring costs	7	1,953	1,953	2,938	2,938
Other operating expenses	9	11,310	11,307	14,228	14,157
Depreciation	13	3,433	3,430	4,441	4,436
Amortisation	14	55	55	-	-
Interest and other finance costs	10	1,619	1,619	1,547	1,545
Total expenditure		**45,187**	**44,228**	**58,451**	**57,227**
Deficit before other gains and losses		**(2,436)**	**(2,427)**	**(10,723)**	**(10,686)**
Gain on disposal of assets		1,234	1,234	165	165
Deficit before tax		**(1,202)**	**(1,193)**	**(10,558)**	**(10,521)**
Taxation	11	-	-	(46)	(46)
Deficit for the year	11	**(1,202)**	**(1,193)**	**(10,604)**	**(10,567)**
Actuarial loss in respect of pension scheme		(12,838)	(12,838)	(3,102)	(3,102)
Total Comprehensive Income and expenditure for the year		**(14,040)**	**(14,031)**	**(13,706)**	**(13,669)**

Consolidated and College Statement of Changes in Reserves

	Income and Expenditure account	Revaluation reserve	Total
Group	**£'000**	**£'000**	**£'000**
Balance at 1st August 2014	**19,307**	**5,045**	**24,352**
Deficit from the income and expenditure account	(10,604)	-	(10,604)
Other comprehensive income	(3,102)	-	(3,102)
Transfers between revaluation and income and expenditure reserves	277	(277)	-
Total comprehensive income and expenditure for the year	**(13,429)**	**(277)**	**(13,706)**
Balance at 31st July 2015	**5,878**	**4,768**	**10,646**
Deficit from the income and expenditure account	(1,202)	-	(1,202)
Other comprehensive income	(12,838)	-	(12,838)
Transfers between revaluation and income and expenditure reserves	396	(396)	-
Total comprehensive income and expenditure for the year	**(13,644)**	**(396)**	**(14,040)**
Balance at 31st July 2016	**(7,766)**	**4,372**	**(3,394)**
College			
Balance at 1st August 2014	**19,502**	**5,045**	**24,547**
Deficit from the income and expenditure account	(10,567)	-	(10,567)
Other comprehensive income	(3,102)	-	(3,102)
Transfers between revaluation and income and expenditure reserves	277	(277)	-
Total comprehensive income and expenditure for the year	**(13,392)**	**(277)**	**(13,669)**
Balance at 31st July 2015	**6,110**	**4,768**	**10,878**
Deficit from the income and expenditure account	(1,193)	-	(1,193)
Other comprehensive income	(12,838)	-	(12,838)
Transfers between revaluation and income and expenditure reserves	396	(396)	-
Total comprehensive income and expenditure for the year	**(13,635)**	**(396)**	**(14,031)**
Balance at 31st July 2016	**(7,525)**	**4,372**	**(3,153)**

Consolidated and College Balance sheets

	Notes	As at 31 July		As at 31 July	
		Group 2016	**College 2016**	**Group 2015**	**College 2015**
		£'000	**£'000**	**£'000**	**£'000**
Fixed assets					
Tangible fixed assets	13	73,346	73,346	77,857	77,854
Intangible fixed assets	14	262	262	105	105
Investments	15	-	3	-	-
		73,608	**73,611**	**77,962**	**77,959**
Current assets					
Stocks		61	61	81	82
Trade and other receivables	16	2,935	3,186	2,936	3,107
Cash and cash equivalents		2,338	2,250	1,659	1,642
		5,334	**5,497**	**4,676**	**4,831**
Less: Creditors – amounts falling due within one year	17	(17,766)	(17,691)	(22,529)	(22,449)
Net current liabilities		(12,432)	(12,194)	(17,853)	(17,618)
Total assets less current liabilities		61,176	61,417	60,109	60,341
Less: Creditors – amounts falling due after more than one year	18	(30,542)	(30,542)	(29,280)	(29,280)
Provisions					
Defined benefit obligations	20	(33,791)	(33,791)	(19,929)	(19,929)
Other provisions	20	(237)	(237)	(254)	(254)
Total net (liabilities) / assets		**(3,394)**	**(3,153)**	**10,646**	**10,878**
Unrestricted reserves					
Income and expenditure account		(7,766)	(7,525)	5,878	6,110
Revaluation reserve	22	4,372	4,372	4,768	4,768
Total unrestricted reserves		**(3,394)**	**(3,153)**	**10,646**	**10,878**

The financial statements on pages 25 to 52 were approved by the Corporation on 14 December 2016 and were signed on its behalf by:

J Matthews
Chair

L Probert
Principal & Chief Executive

Consolidated statement of Cash Flows

	Notes	Year ended 31 July 2016 £'000	2015 £'000
Cash outflow from operating activities			
Deficit for the year		(1,202)	(10,604)
Adjustment for non-cash items			
Depreciation & Amortisation		3,488	4,441
Decrease in stocks		20	24
Decrease in debtors		1,301	448
(Decrease)/ Increase in creditors due within one year		(4,727)	448
Decrease in creditors due after one year		(2,558)	(223)
(Decrease)/Increase in provisions		(17)	4
Pensions costs less contributions payable		1,023	342
Adjustment for investing or financing activities			
Investment income	6	(8)	(15)
Interest payable	10	1,619	1,547
Taxation paid		(36)	-
Gains on sale of fixed assets		(1,234)	(165)
Net cash flow from operating activities		**(2,331)**	**(3,753)**
Cash flows from investing activities			
Proceeds from sale of fixed assets		1,881	-
Investment income		8	15
Payments made to acquire fixed assets		(1,116)	(1,140)
		773	**(1,125)**
Cash flows from financing activities			
Interest paid		(1,619)	(1,547)
New unsecured loans		5,000	6,449
Repayments of amounts borrowed		(1,180)	(680)
Deferred Capital Grants received		36	56
		2,237	**4,278**
Increase / (decrease) in cash and cash equivalents in the year		**679**	**(600)**
Cash and cash equivalents at beginning of the year	21	1,659	2,259
Cash and cash equivalents at end of the year	21	2,338	1,659

Notes

(forming part of the financial statements)

1 Statement of accounting policies

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

Basis of preparation

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

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

Transition to the 2015 FE HE SORP

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

An explanation of how the transition to the 2015 FE HE SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the College is provided in note 28.

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

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

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

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 Members Report. The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

As a result of operating deficits incurred in the financial years 2012/13 to 2014/15 the College sought Exceptional Financial Support ("EFS") from the Skills Funding Agency. These monies were received during 2014/15 and early 2015/16. During 2015/16 EFS support was converted into a loan from the Department for Business, Innovation and Skills (BIS) repayable over five years ending in June 2021. In 2015/16 the College implemented a revised Financial Recovery Action Plan (FRAP) to ensure the College is financially stable going forward. The financial plan is based upon a base model which returns the College to a cash generating position from 2016/17 onwards, and the disposal of 3 properties, the expected proceeds from which will be used to repay the BIS loan. The College's cash flow forecasts assume capital receipts of £4.0m in respect of the disposals of the Soundwell and Lawrence Weston campuses in May 2017. Should these receipts be delayed beyond that date, the College's loan agreement with BIS allows the scheduled loan repayment of £3.6m in May 2017 to be deferred, such that the College's operating cash flow is not adversely affected. The College also has a 25 year fixed term loan with Barclays Bank. During 2015/16 the College renegotiated loan facility covenants that support the FRAP for the period to July 2017. Thereafter these covenants will revert back to the original facility monitoring levels. The Corporation is satisfied that the implementation of the necessary steps to achieve the action plan have been taken and that the covenants will be met for at least twelve months from the date of approval of these financial statements.

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiaries controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2016.

Recognition of income

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

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

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

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

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

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

1 Statement of accounting policies *(continued)*

Post retirement benefits

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

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

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

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

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

Further details of the pension schemes are given in note 25.

Short term Employment benefits

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

Enhanced Pensions

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

1 Statement of accounting policies *(continued)*

Non-current Assets - Tangible fixed assets:

Land and buildings

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 25 and 50 years and for the major adaptions to buildings, over the remaining period of their useful life.

Leasehold buildings are depreciated over the period of the lease.

Building refurbishments are depreciated over 10 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.

Finance costs which are directly attributable to the construction of land and buildings are capitalised as part of the cost of those assets.

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

Subsequent expenditure on existing fixed assets

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

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

Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2016. They are not depreciated until they are brought into use.

1 Statement of accounting policies *(continued)*

Equipment

Equipment costing less than £1,000 per individual item 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 has been fully depreciated. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its economic useful life as follows:

Inherited equipment and motor vehicles	-	25% per annum
Computer equipment	-	33.3% per annum
General equipment	-	20% per annum

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

Intangible assets

Software Licences	-	20% per annum

Maintenance of premises

The College has a 10 year planned maintenance programme which is reviewed on an annual basis. The cost of routine planned maintenance expenditure is charged to the income and expenditure account in the period it is incurred. The cost of routine corrective maintenance is charged to the income and expenditure account in the period it is incurred.

Leased assets

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

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

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

Capitalisation of finance cost

Finance costs directly associated with capital work are capitalised along with other construction costs during the construction phase of fixed assets. Capitalisation of such financing costs will cease when substantially all the activities that are necessary to get the tangible fixed asset ready for use are complete.

Investments

Fixed asset investments are carried at historical cost less any provision for impairment in their value. Current asset investments are stated at the lower of their original cost and 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.

1 Statement of accounting policies *(continued)*

Foreign currency translation

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

Taxation

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

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

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

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounting and taxation purposes, calculated at the rates at which it is expected that tax will arise.

Liquid resources

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

Provisions and contingent liabilities

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

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

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

Cash

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

1 Statement of accounting policies *(continued)*

Agency arrangements

The College acts as an agent in the collection and payment of learner support funds and adult learning grants. Related income received from the main funding body and subsequent disbursements to students are excluded from the income and expenditure account (and are shown separately in note 27), except for the 5% of the grant received which is available to the College to cover administration costs relating to the grant.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 July 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Funding body grants

	Year ended 31 July 2016 Group £'000	2016 College £'000	Year ended 31 July 2015 Group £'000	2015 College £'000
SFA & EFA				
Recurrent grant	24,580	24,580	28,016	28,016
Work based learning	3,452	3,452	4,087	4,087
Releases of deferred capital grants				
Land & buildings	1,702	1,702	685	685
Equipment	41	41	90	90
ESF EUL	197	197	236	236
Other funds	88	88	117	117
	30,060	**30,060**	**33,231**	**33,231**
HEFCE				
Recurrent grant	343	343	-	-
Releases of deferred capital grants				
Land & buildings	-	-	-	-
Equipment	93	93	48	48
Widening participation	316	316	238	238
	752	**752**	**286**	**286**
	30,812	**30,812**	**33,517**	**33,517**
Regional Growth Fund				
Payments to FE College partners	-	-	26	26

3 Tuition fees and education contracts

	Year ended 31 July 2016 Group £'000	2016 College £'000	Year ended 31 July 2015 Group £'000	2015 College £'000
Tuition Fees and charges				
UK higher education students	3,789	3,789	3,695	3,695
EU and UK	4,182	4,182	5,613	5,493
Non EU students	75	75	64	64
	8,046	**8,046**	**9,372**	**9,252**
Education contracts				
Local education authority	1,232	1,232	738	738
Other income	40	40	187	187
	1,272	**1,272**	**925**	**925**
Total	**9,318**	**9,318**	**10,297**	**10,177**

4 Research grants and contracts

	Year ended 31 July		Year ended 31 July	
	2016	2016	2015	2015
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Releases from deferred capital grants (non main funding bodies)	27	27	84	84
Total	**27**	**27**	**84**	**84**

5 Other income

	Year ended 31 July		Year ended 31 July	
	2016	2016	2015	2015
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Residences, catering and conferences	95	95	152	152
Other income generating activities	365	365	563	563
Exam fees	54	54	138	138
Sale of materials	4	4	64	64
Student travel	297	297	427	427
Project income	296	296	584	584
Overage	-	-	208	208
Apprenticeship Training Agency income	963	-	1,154	-
Other income	512	522	525	612
Total	**2,586**	**1,633**	**3,815**	**2,748**

6 Investment income

	Year ended 31 July		Year ended 31 July	
	2016	2016	2015	2015
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Bank interest receivable	8	11	15	15

7 Staff costs - Group and College

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

	Year ended 31 July	
	2016	2015
Staff Numbers		
Teaching staff	370	542
Teaching - other	63	140
Teaching support services	111	142
Other support services	53	73
Administration and central services	82	91
Premises	37	40
Other	15	15
Total	**731**	**1,043**

	Year ended 31 July		Year ended 31 July	
	2016	**2016**	**2015**	**2015**
	Group	**College**	**Group**	**College**
Staff costs	**£'000**	**£'000**	**£'000**	**£'000**
Wages and salaries	21,525	20,624	28,675	27,592
Social security costs	1,535	1,515	1,830	1,775
Other pension costs	3,471	3,464	3,825	3,817
Payroll sub total	**26,531**	**25,603**	**34,330**	**33,184**
Contracted out services	286	261	967	967
Restructuring costs	1,953	1,953	2,938	2,938
Total	**28,770**	**27,817**	**38,235**	**37,089**

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. Key management personnel are defined as those posts where the Articles of Government of the College reserve to the Board of Governors the appointment or promotion to these posts.

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

	2016 No.	**2015 No.**
The number of key management personnel including the Accounting Officer was:	5	3

The number of key management personnel and other staff in post during 2015/16 and who received annualised emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

	Key management personnel		**Other staff**	
	2016 No.	**2015 No.**	**2016 No.**	**2015 No.**
£60,001 to £70,000	-	-	13	12
£70,001 to £80,000	-	-	-	-
£80,001 to £90,000	2	1	2	2
£100,001 to £110,000	1	1	-	-
£140,001 to £150,000	1	-	-	-
£170,001 to £180,000	1	1	-	-
	5	**3**	**15**	**14**

The above table includes all individuals employed by the College during the year whose annualised pay fell within the above ranges, whether or not they remained in post throughout the year.

The number of key management personnel and other staff in post as at 31 July who received annualised emoluments, excluding pension contributions but including benefits in kind, in the following ranges, was:

	Key management personnel 2016 No.	2015 No.	Other staff 2016 No.	2015 No.
£60,001 to £70,000	-	-	7	12
£70,001 to £80,000	-	-	-	-
£80,001 to £90,000	1	1	-	2
£100,001 to £110,000	1	1	-	-
£140,001 to £150,000	1	-	-	-
£170,001 to £180,000	-	1	-	-
	3	3	7	14

The combined annualised pay of the 14 Other staff disclosed above, as at 31 July 2015 was £760,000. The combined annualised pay of the 7 Other staff in post as at 31 July 2016 was £460,000.

The total annualised emoluments of individuals who were key management personnel during the year ended 31 July 2016 is set out below. This aggregates the annualised pay of all post holders who held office during the year (including those individuals who left part way through the year):

	Year ended 31 July 2016 £'000	2015 £'000
Salaries	605	630
Benefits in kind	-	-
Pension contributions	105	83
	710	**713**

The total annualised emoluments of key management personnel in post as at 31 July is set out below:

	As at 31 July 2016 £'000	2015 £'000
Salaries	350	365
Benefits in kind	-	-
Pension contributions	63	60
	413	**415**

During the year Lee Probert was appointed as Principal following the departure of the previous Principal, Lynn Merilion. Amounts paid to the principals (both of whom were also the highest paid individuals) were as follows:

Lynn Merilion (1 August to 30 November 2015)	Year ended 31 July 2016 £'000	2015 £'000
Salaries	57	170
Benefits in kind	-	-
Pension contributions	9	24
Total emoluments	**66**	**194**

Lee Probert (1 January 2016 to 31 July 2016)	**Year ended 31 July**	
	2016	**2015**
	£'000	**£'000**
Salaries	88	-
Benefits in kind	-	-
Pension contributions	14	-
Total emoluments	**102**	-

Compensation for loss of Office paid to former key management personnel

	Year ended 31 July	
	2016	**2015**
	£'000	**£'000**
Compensation paid to the former post-holder	25	-
Estimated value of other benefits, including provisions for pension benefits	-	-
	25	-

The severance payment was approved by the College's remuneration committee.

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

9 Other operating expenses

	Year ended 31 July		**Year ended 31 July**	
	2016	**2016**	**2015**	**2015**
	Group	**College**	**Group**	**College**
	£'000	**£'000**	**£'000**	**£'000**
Teaching departments	2,248	2,250	2,102	2,102
Teaching support services	900	900	890	865
Other support services	204	210	728	728
Administration and central services	1,229	1,222	1,330	1,297
General education (Examinations and marketing)	1,674	1,674	2,747	2,747
Premises costs - running costs	1,804	1,804	2,115	2,110
Premises costs - maintenance	372	372	533	533
Premises costs - rents and leases	69	65	216	207
Planned maintenance	175	175	163	163
Other income generating activities	309	309	459	459
Catering and residence operations	286	286	243	243
Franchised provision	1,624	1,624	2,227	2,228
Other expenses	416	416	475	475
Total	**11,310**	**11,307**	**14,228**	**14,157**

Other operating expenses include:

Operating leases (buildings and equipment)	206	186	323	323
Auditors remuneration				
Financial statements audit	50	43	71	71
Internal audit	-	-	32	32
Other services	15	15	109	109
	271	**244**	**535**	**535**

10 Interest payable - Group and College

	Year ended 31 July		Year ended 31 July	
	2016	2016	2015	2015
	Group	College	Group	College
	£'000	£'000	£'000	£'000
On bank loans, overdrafts and other loans:				
Repayable within five years, not by instalments	-	-	-	-
Repayable within five years, by instalments	-	-	-	-
Repayable wholly or partly in more than five years	864	864	905	905
On other loans:				
Repayable within five years, not by instalments	3	3	2	2
Repayable within five years, by instalments	-	-	-	-
Repayable wholly or partly in more than five years	-	-	-	-
On finance leases	-	-	-	-
Pension finance costs	752	752	640	638
Total	**1,619**	**1,619**	**1,547**	**1,545**

11 Taxation

	Year ended 31 July		Year ended 31 July	
	2016	2016	2015	2015
	Group	College	Group	College
	£'000	£'000	£'000	£'000
United Kingdom corporation tax at 22%	-	-	46	46
Total	-	-	**46**	**46**

12 Deficit on continuing operations for the year

	Year ended 31 July	
	2016	2015
	£'000	£'000
College's deficit for the year	1,193	10,567
Retained by subsidiary undertakings	9	37
Total	**1,202**	**10,604**

13 Tangible fixed assets

Group	Land and buildings Leasehold £'000	Freehold £'000	Equipment £'000	Assets in the Course of Construction £'000	Total £'000
Cost or valuation					
At 1 August 2015	12,979	97,958	15,693	348	126,978
Additions	-	584	4	280	868
Transfer	-	222	101	(323)	-
Disposals	-	(5,946)	(2,914)	-	(8,860)
At 31 July 2016	**12,979**	**92,818**	**12,884**	**305**	**118,986**
Accumulated depreciation					
At 1 August 2015	3,820	30,951	14,350	-	49,121
Charge for the year	259	2,498	676	-	3,433
Elimination in respect of disposals	-	(4,007)	(2,907)	-	(6,914)
At 31 July 2016	**4,079**	**29,442**	**12,119**	-	**45,640**
Net book value at 31 July 2016	**8,900**	**63,376**	**765**	**305**	**73,346**
Net book value at 31 July 2015	9,159	67,007	1,343	348	77,857

College	Land and buildings Leasehold £'000	Freehold £'000	Equipment £'000	Assets in the Course of Construction £'000	Total £'000
Cost or valuation					
At 1 August 2015	12,979	97,958	15,676	348	126,961
Additions	-	584	4	280	868
Transfer	-	222	101	(323)	-
Disposals	-	(5,946)	(2,914)	-	(8,860)
At 31 July 2016	**12,979**	**92,818**	**12,867**	**305**	**118,969**
Accumulated depreciation					
At 1 August 2015	3,820	30,951	14,336	-	49,107
Charge for the year	259	2,498	673	-	3,430
Elimination in respect of disposals	-	(4,007)	(2,907)	-	(6,914)
At 31 July 2016	**4,079**	**29,442**	**12,102**	-	**45,851**
Net book value at 31 July 2016	**8,900**	**63,376**	**765**	**305**	**73,346**
Net book value at 31 July 2015	9,159	67,007	1,340	348	77,854

In accordance with FRS102 Freehold land assets with a value of £457,000 previously shown separately on the balance sheet as held for resale have been reclassified and included within Fixed Assets within Freehold Land and buildings. Intangible software assets previously included within Equipment have been reclassified and included within Intangible Assets (see note 14).

14 Intangible fixed assets

Group and College	Software Licences £'000	Total £'000
Cost or valuation		
At 1 August 2015	278	278
Additions	212	212
Disposals	-	-
At 31 July 2016	**490**	**490**
Accumulated depreciation		
At 1 August 2015	173	173
Charge for the year	55	55
Elimination in respect of disposals	-	-
At 31 July 2016	**228**	**228**
Net book value at 31 July 2016	**262**	**262**
Net book value at 31 July 2015	**105**	**105**

15 Noncurrent Investments

	Year ended 31 July	
	2016 £'000	2015 £'000
Investments in subsidiary companies	3	3

The College owns 100 per cent of the issued ordinary shares of South West Apprenticeship College Limited, Partners in Business (West) Limited, and SBLN Limited. All companies are incorporated in England and Wales. The principal business activity of South West Apprenticeship College Limited is the provision of apprenticeship training. The principal business activity of Partners in Business (West) Limited is the supply of educational goods and services which are taxable supplies. SBLN Limited is dormant.

16 Debtors: Amounts falling due within one year

	Year ended 31 July		Year ended 31 July	
	2016 Group £'000	2016 College £'000	2015 Group £'000	2015 College £'000
Trade debtors	365	329	729	637
Amounts owed by group undertakings	-	289	-	511
Other debtors	1,864	1,862	662	500
Prepayments and accrued income	706	706	1,215	1,129
Amounts owed by the Skills Funding Agency/EFA	-	-	330	330
Total	**2,935**	**3,186**	**2,936**	**3,107**

17 Creditors: amounts falling due within one year

	Year ended 31 July		Year ended 31 July	
	2016	**2016**	**2015**	**2015**
	Group	**College**	**Group**	**College**
	£'000	**£'000**	**£'000**	**£'000**
Bank loans and overdrafts	680	680	680	680
Payments received on account	155	108	509	456
Trade creditors	688	686	1,553	1,549
Corporation tax	10	10	46	46
Other taxation and social security	494	478	1,127	1,116
Holiday pay Accrual	1,055	1,055	1,545	1,545
Other Accruals	4,589	4,579	5,500	5,488
Amounts due to funding bodies	747	747	3,514	3,514
Loans from Government	6,200	6,200	6,449	6,449
Deferred income - government capital grants	2,015	2,015	680	680
Other creditors	1,133	1,133	926	926
Total	**17,766**	**17,691**	**22,529**	**22,449**

18 Creditors: amounts falling due after one year

	Year ended 31 July		Year ended 31 July	
	2016	**2016**	**2015**	**2015**
	Group	**College**	**Group**	**College**
	£'000	**£'000**	**£'000**	**£'000**
Bank loans	12,070	12,070	12,750	12,750
Loans from Government	4,749	4,749	-	-
Deferred income - government capital grants	13,723	13,723	16,530	16,530
Total	**30,542**	**30,542**	**29,280**	**29,280**

19 Analysis of borrowings

Loans and overdrafts are repayable as follows:

	Year ended 31 July		Year ended 31 July	
	2016	**2016**	**2015**	**2015**
	Group	**College**	**Group**	**College**
	£'000	**£'000**	**£'000**	**£'000**
In one year or less	6,880	6,880	680	680
Between one and two years	2,180	2,180	680	680
Between two and five years	5,289	5,289	2,040	2,040
In five years or more	9,350	9,350	10,030	10,030
Total	**23,699**	**23,699**	**13,430**	**13,430**

20 Provisions

Group and College	**Defined benefit obligations £'000**	**Other Pension obligations £'000**	**Total £'000**
At 1 August 2015	19,929	254	20,183
Additions in the period	13,862	-	13,862
Expenditure in the period	-	(17)	(17)
At 31 July 2016	**33,791**	**237**	**34,028**

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 25.

Other pension obligations relate to the cost of staff who have already left the College's employment which are not funded from other pension schemes.

21 Cash and cash equivalents

	At 1 August 2015 £'000	**Cash flows £'000**	**Other changes £'000**	**At 31 July 2016 £'000**
Cash and cash equivalents	1,659	679	-	2,338
Total	**1,659**	**679**	**-**	**2,338**

22 Revaluation reserve

	Year ended 31 July Group and College 2016 £'000	**2015 £'000**
At 1 August 2015	4,768	5,045
Transfer from revaluation reserve to income and expenditure account in respect of:		
Depreciation on revalued assets	(118)	(125)
Depreciation on disposal of revalued assets	(278)	(152)
At 31 July 2016	**4,372**	**4,768**

23 Capital commitments

	Year ended 31 July Group and College 2016 £'000	**2015 £'000**
Commitments contracted for at 31 July	403	143

24 Lease Obligations

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

	Year ended 31 July Group and College 2016 £'000	2015 £'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	15	40
Later than one year and not later than five years	26	26
later than five years	-	-
	41	66
Other		
Not later than one year	2	13
Later than one year and not later than five years	64	14
later than five years	-	-
	66	27

25 Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Bath & North East Somerset Local Government Pension Scheme (LGPS) for non-teaching staff.

Total pension cost for the year		**2016 £'000**		**2015 £'000**
Teachers' Pension Scheme: contributions paid		1,791		1,984
Local Government Pension Scheme:				
Contributions paid	1,411		1,493	
FRS 102 (28) charge	272		360	
Charge to the Statement of Comprehensive Income		1,683		1,853
Enhanced pension charge to Statement of Comprehensive Income		-		22
Total Pension Cost for Year		**3,474**		**3,859**

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

Contributions amounting to £365,185 (2015:£ 439,963) were payable to the scheme on 31 July 2016 and are included in creditors.

Teachers' Pension Scheme

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

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates were set at 16.48% 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 was implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:
https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx

Scheme Changes

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

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.
In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

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

The Employer and Employee pension costs paid to TPS in the year amounted to £2,747,080 (2015: £3,308,598)

FRS 102 (28)

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by the Bath & North East Somerset Local Authority. The total contribution made for the year ended 31 July 2016 was £2,016,818 (2015: £2,034,568), of which employer's contributions totalled £1,593,682 (2015: £1,492,946) and employees' contributions totalled £423,136 (2015: £599,370). The agreed contribution rates for future years are 15.8% for employers and range from 5.5% to 7.5% for employees, depending on salary.

Principal Actuarial Assumptions

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

	At 31 July 2016	At 31 July 2015
Rate of increase in salaries	3.2%	3.7%
Future pensions increases	1.8%	2.2%
Discount rate for scheme liabilities	2.5%	3.8%
Inflation assumption (CPI)	1.7%	2.2%

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

	At 31 July 2016 years	At 31 July 2015 years
Retiring today		
Males	23.50	23.40
Females	26.00	25.90
Retiring in 20 years		
Males	25.90	25.80
Females	28.90	28.80

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

	Fair Value at 31 July 2016 £'000	Fair Value at 31 July 2015 £'000
Equities	29,320	30,123
Government Bonds	7,083	4,876
Other Bonds	5,574	6,122
Property	5,632	4,388
Other	10,741	7477
Cash	(290)	1,192
Total market value of assets	**58,060**	**54,178**
Actual return on plan assets	**3,952**	**4,696**

Local Government Pension Scheme (Continued)

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

	2016 £'000	2015 £'000
Fair value of plan assets	58,060	54,178
Present value of plan liabilities	(91,851)	(74,107)
Present value of unfunded liabilities	(43)	-
Net pensions (liability)/asset (Note 19)	**(33,834)**	**(19,929)**

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

	2016 £'000	2015 £'000
Amounts included in staff costs		
Current service cost	1,656	1,836
Total	**1,656**	**1836**
Amounts included in investment income		
Net interest income	(725)	(640)
Total	**(725)**	**(640)**
Amounts recognised in Other Comprehensive Income		
Return on pension plan assets	1,894	2,584
Experience losses arising on defined benefit obligations	(14,732)	(5,686)
Total	**(12,838)**	**(3,102)**

Movement in net defined benefit (liability/asset during the year	**Year ended 31 July 2016 £'000**	**2015 £'000**
Deficit in scheme at 1 August	(19,929)	(15,793)
Movement in year:		
Current service cost	(1,656)	(1,836)
Employer contributions	1,384	1,476
Administrative expenses	(27)	(34)
Net interest on the defined (liability)/asset	(725)	(640)
Actuarial gain or loss	(12,838)	(3,102)
Net defined benefit (liability)/asset at 31 July	**(33,791)**	**(19,929)**

Local Government Pension Scheme (Continued)

Asset and Liability Reconciliation	**Year ended 31 July 2016 £'000**	**2015 £'000**
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	74,107	64,447
Current Service cost	1,656	1,836
Interest cost	2,783	2,751
Contributions by Scheme participants	456	545
Experience gains and losses on defined benefit obligations	14,732	5,686
Estimated benefits paid	(2,182)	(1,496)
Curtailments and settlements	299	338
Defined benefit obligations at end of period	**91,851**	**74,107**
Reconciliation of Assets		
Fair value of plan assets at start of period	54,178	48,654
Interest on plan assets	2,058	2,111
Return on plan assets	1,894	2,584
Administrative expenses	(27)	(34)
Employer contributions	1,683	1,814
Contributions by Scheme participants	456	545
Estimated benefits paid	(2,182)	(1,496)
Assets at end of period	**58,060**	**54,178**

26 Related party transactions

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

The total expenses paid to or on behalf of the Governors during the year was £2,212; 2 governors (2015: £1,000; 5 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.
No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2015: None).

27 Amounts disbursed as agent

	Year ended 31 July 2016 £'000	**2015 £'000**
Funding body grants – discretionary learner support	1,700	2,182
Total	1,700	2,182
Disbursed to students	(1,181)	(2,021)
Administration costs	(67)	(84)
Balance unspent as at 31 July, included in creditors	452	77

28 - Transition to FRS 102 and the 2015 FE HE SORP

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

An explanation of how the transition to FRS 102 and the 2015 FE HE SORP has affected the College's financial position, financial performance and cash flows, is set out below.

	Note	1st August 2014		31st July 2015	
		Group	College	Group	College
		£'000	£'000	£'000	£'000
Financial Position					
Total reserves under previous SORP		**25,897**	**26,092**	**12,191**	**12,423**
Employee leave accrual	a)	(1,545)	(1,545)	(1,545)	(1,545)
Total effect of transition to FRS 102 and 2015 FE HE SORP		**(1,545)**	**(1,545)**	**(1,545)**	**(1,545)**
Total reserves under 2015 FE HE SORP		**24,352**	**24,547**	**10,646**	**10,878**

	Note	31st July 2015	
		Group	College
		£'000	£'000
Financial Performance			
Deficit for the year after tax under previous SORP		**(9,920)**	**(9,883)**
Pensions provision – actuarial loss	c)	(3,102)	(3,102)
Changes to measurement of FRS102 charge and Administration costs	c)	(73)	(73)
Changes to measurement of net finance cost on defined benefit plans	b)	(611)	(611)
Total effect of transition to FRS 102 and 2015 FE HE SORP		**(3,786)**	**(3,786)**
Total comprehensive income for the year under 2015 FE HE SORP		**(13,706)**	**(13,669)**

a) Employee Leave Accrual - Recognition of short term employment benefits

No provision for short term employment benefits such as holiday pay was made under the previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. The annual leave year runs to 31st August each year for both teaching and non-teaching staff meaning that, at the reporting date, there was an average of 16.2 days of unused leave for teaching staff and 4.6 days of unused leave for non-teaching staff. In addition, certain non-teaching employees are entitled to carry forward up to 5 days of any unused holiday entitlement at the end of the leave year. The cost of any unused entitlement is recognised in the period in which the employee's services are received. An accrual of £1.545 million was recognised at 1 August 2014, and at 31 August 2015. Following a re-measurement exercise in 2015/16, the movement on this provision of £0.49 million has been credited to Comprehensive Income in the year ended 31 July 2016.

b) Change in recognition of defined benefit plan finance costs

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

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

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

30 Events after the reporting period

There are no events after the reporting period.