The College of West Anglia

Report and Financial Statements

for the year ended 31 July 2016

CONTENTS

Members' Report

NATURE, OBJECTIVES AND STRATEGIES

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

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting the business of Norfolk College of Arts & Technology. On 3 July 1998 the Secretary of State granted consent to the Corporation to change its name to the College of West Anglia.

The College is an exempt charity for the purposes of the Charities Act 2011.

Vision

The College's vision, as approved by its members, is - "Changing lives through learning".

Public Benefit

The College of West Anglia is an exempt charity under Part 3 of the Charities Act 2011 and, since 1 September 2013, has been regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all FE Corporations in England. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 13 to 15.

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 for 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 many identifiable public benefits through the advancement of education which is included in the delivery of its strategic plan and its public value statement both of which are available on the College's website at: http://www.cwa.ac.uk/corporation.html. We aim to create public value through, amongst other things:

- Working with learners to develop their skills and personal confidence and raising their aspirations
- Displaying and promoting local leadership through our relationships and collaboration with other organisations leading to the enrichment of the economic, social, cultural and physical well-being of our communities

Implementation of the strategic plan

On 1 July 2015 the Corporation approved the College's Strategic Plan, covering the period 2015-2018. The College's strategic ambitions under this strategy were to:

- Inspire all learners to achieve their full potential
- Provide inspiring and relevant programmes
- Develop excellence through partnerships
- Invest in staff, buildings, facilities and systems
- Promote a culture of equality and safety
- Ensure our long term future

The three year strategy is reviewed and updated each year and forms the basis for annual objective setting. The Corporation monitors the performance of these strategic annual objectives throughout the year. Notable achievements and objectives for 2015/16 were as follows:

- Apprenticeship numbers and success rates were 1,233 and 80% during 2015/16; compared to 1,192 and 77% in the previous year
- Overall success rates were 74% compared to 80% in 2014/15

Members' Report *(continued)*

- The latest available destination data for students is positive: 91% of all students for whom the destinations were known were considered to be positive
- 85% of all lessons observed were graded at least 'good'– this matches the result for 2014/15 and meets the College's ambitious targets for the quality of teaching and learning
- All faculties in the College successfully engaged in skills competitions and many students achieved national success:
    - The College achieved two medals in the national final of the World Skills competitions – silver and bronze in video moving image
    - The College also finished first in the Norfolk and Waveney construction skills competition
    - Two computer science students reached the final round of Anglia Ruskin's 'Big Pitch' entrepreneurial challenge where their smart energy solution secured second place with a cash prize of £5,000
    - Engineering students competed in the Shell 2016 Eco-marathon Global Challenge with their innovative low-carbon vehicle secured 28th place (out of over 400 entrants) achieving 468 mpg
    - In European partnerships, University Centre West Anglia (UCWA) staff and students continued to participate in a range of Erasmus+ partnerships across 17 European countries with co-operative work in digital media, creative arts, computing, engineering, catering and early years generating over 100 opportunities for work-study placements and internships
    - UCWA scored 89% for satisfaction in the 2015 National Student Survey with one degree programme, BA (Hons) Psychosocial, achieving 98% overall

- The College's Uniformed Services team won the prestigious Brooklands public services competition
- The College became a Microsoft Associate Partner College, and launched a Risual Microsoft Academy to support the development of IT skills
- Strong links were maintained with both local LEPs by the Principal who is an active member of the New Anglia LEP Skills Strategy Group
- As lead provider for Norfolk and Cambridgeshire of the Government's National Citizens Service scheme, the College provided opportunities for over 600 16 and 17 year olds to develop their confidence and skills and their engagement with their communities
- The College continued to deliver a talent management programme
- Elite Football Programme men won the AoC Sport Cat 2 League and reached the national semi-final of the ESFA Under 18 Cup
- In May, the Sports department opened the first College FA development hub which will create coaching and referee opportunities for students and the local community of the College of West Anglia

Financial targets

The College's financial targets for 2015/16, which were approved by the Corporation in July 2015, are shown in the table below:

Strategic Targets	Outturn 2014/15	Target 2015/16	Outturn 2015/16	Achieved
Generate income of £30 million plus	£33m	£30m+	**£30m**	✓
Deliver an out-turn (before FRS 102 (8) pensions adjustments) in line with a budget surplus of £149k	£1,551k	£149k	**£311k**	✓
Meet our Skills Funding Agency (SFA) funding targets - Adult Skills Budget	n/a	£4.174m	**£3.921m**	×
Meet our Skills Funding Agency (SFA), 16-18 Apprenticeship funding targets	n/a	£1.973m	**£1.991m**	✓
Achieve a 24+ loan income target of £600k	n/a	£508k	**£519k**	✓
Achieve a commercial income target of £1.35m (3% growth)	n/a	£1.35m	**£1.51m**	✓
Achieve HE income of £2m	£1.82m	£2m	**1.95**	×
Ensure staff costs are within the budgeted percentage of 68.6% of income (as part of the longer term aim to reduce staff costs to within 64% of income)	63.9%	<68.6%	**67.1%**	✓
Ensure compliance with financial covenents in the College's loan agreement	Achieved	Achieved	**Achieved**	✓
Ensure loan balances do not exceed 40% of income	20.8%	<40%	**21.7%**	✓

Members' Report *(continued)*

The College monitors its financial ratings through indicators built into its management accounts, its own self-assessment of financial control and reports produced by its own internal auditors. For 2015/16, the College assessed its financial health and control to be as follows:

Financial health	Using the SFA's basis of monitoring financial health in the further education sector, the College continues to be classed as 'Good'.
Financial control	The annual internal audit opinion for 2015/16 assessed the College as having adequate and effective risk, internal control and governance processes to manage the achievement of its objectives.

FINANCIAL POSITION

Financial results

The Group generated a deficit for the year of £0. 629m (2014/15 – surplus of £0.690m) with a total comprehensive loss after actuarial losses in respect of pension schemes of £3.346m (2014/15 – deficit of £0.681m).

The Group has accumulated reserves of £1.682m and cash balances in hand of £5.184m. The College wishes to continue to accumulate reserves and cash balances in order to contain any future borrowing needs and to facilitate further investment in its estate.

Tangible fixed asset additions during the year amounted to £7.0m. This was split between land and buildings investment of £5.8m and equipment purchases of £1.2m. In the main, this related to the construction of a new University Centre on the campus at King's Lynn which was funded by a grant from the New Anglia Local Enterprise Partnership. The new development will allow the College to grow higher education numbers in the region and to develop new tertiary-level courses that meet the skills and educational needs of the area.

The College has two subsidiary companies, CWA Developments Limited and CWA Enterprises Limited. The principal activity of CWA Developments Limited is the building and refurbishment of College property, whilst CWA Enterprises Limited carries out commercial training and activities. Any distributable surpluses generated by the subsidiaries are transferred to the College under a deed of covenant. In the current year, CWA Developments Limited made a loss of £3,491 and CWA Enterprises Limited a loss of £185,928.

Treasury policies and objectives

Treasury management is the management of the College's cash flows and its banking; 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 can be found in the Governance and Financial Management Regulations.

Cash flow and liquidity

The College's net cash flow from operating activities was £4.0m (2014/15 £4.5m).

The College has an agreed borrowing facility with Lloyds TSB plc up to a maximum of £11m as at 31 July 2016 reducing by £1m per annum thereafter. Borrowing against this facility has been approved by the Corporation and as at 31 July 2016, £9m of the facility had been drawn down with the net amount repayable at 31st July 2016 amounting to £6.3m.

The Principal (who is the Accounting Officer) and the Executive Director Finance and Resources, acting jointly, are authorised to maintain and use loan or overdraft facilities up to £1.5m. The Finance and General Purposes Committee's approval is required for all borrowing in excess of £1.5m and the Finance and General Purposes Committee may approve, in advance, borrowing up to a defined borrowing limit or a range of limits profiled over time.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2015/16, the College has delivered activity that has generated £23.217m in funding body main allocations (2014/15 - £25,350m). The College had approximately 6,536 funded and 446 unfunded students in 2015/16.

Student achievements

Overall success rates reduced from 80% in 2014/15 to 74% in 2015/16. The requirement for learners to undertake functional skills in maths and English has reduced overall success rates.

Curriculum developments

The College continues to be a provider of general further education courses together with specialist higher education and access courses. Specialist land-based provision is delivered from our Cambridge Campus. Higher education courses are delivered in partnership with Anglia Ruskin University.

During the year, the College launched a Risual Microsoft Academy. This facility, which is unique in the New Anglia LEP region, will allow the College to offer bespoke courses from a dedicated classroom in order to address regional digital skills shortage through a collaboration with Microsoft and Risual.

The College enhanced its higher education offering in the year with two new degree courses in Travel and Tourism and Biosciences.

Events after the end of the reporting period

There are no significant events to report here.

Future prospects

The numbers of 16 to 19 year-olds and young adults in the areas served by the College are currently in decline. This places pressure on the College's financial position. Funding from the SFA and EFA declined by 8% from 2014/15 (£25.4m) to 2016/17 (£23.3m). The College has addressed this by reducing costs and increasing other elements of income – notably from higher education fees. The demographic position is due to improve from 2018 onwards. The new apprenticeship levy from April 2017 also presents the College with a commercial opportunity to increase revenues.

The approach to the development of the College estate supports this positive view of future prospects. The new University Centre West Anglia opened for the 2016/17 academic year with aims to increase the range of the College's higher education offer and increase student numbers. A new development at Wisbech has provided first class facilities for further education students and allowed the demolition of some redundant, poor quality buildings. Part of the space created through the demolitions at this campus will be used to develop a site for bespoke training in partnership with a local employer. There are already space pressures at the Cambridge Campus and plans have been worked up to construct a new teaching and learning facility at this site.

The College has also invested heavily in its ICT infrastructure in recent years and there is an ambition to enhance the delivery of teaching and learning through the use of ICT.

The College of West Anglia will be involved in a nationally driven series of reviews of further education provision – the Strategic Area Review process. Each of these reviews will be focussed on Local Enterprise Partnership areas. The College will therefore be involved in both the New Anglia LEP Area Review (site of the King's Lynn Campus) and the Greater Cambridge Greater Peterborough Area Review (site of the Cambridge and Wisbech campuses). Both of these reviews are due to begin late in the 2016 calendar year. Governors and management are confident of positive outcomes based on the College's strong student achievement and financial performance.

With the ongoing investment in the estate to ensure the College can optimise the offer to learners and working with partner organisations throughout the College's catchment there is confidence that, with close financial management to generate sufficient cash, the College remains a healthy going concern. The College's financial health, according to the Financial Plan completed and submitted to the SFA in July 2016, was graded as 'Good'.

RESOURCES

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

Tangible resources include three main college sites in King's Lynn, Cambridge and Wisbech.

Financial
The College has net assets of £1.7m (including a £20.3m pension liability) and long term debt of £5.6m.

People
The College employs 541 people (expressed as full time equivalents), of whom 361 are teaching and teaching support staff.

Reputation
The College has a good reputation both locally and nationally. The College works in partnership with many local employers, the West Norfolk Partnership and local academies through the CWA Academy Trust. The College also works with Anglia Ruskin University through UCWA Limited to increase participation in higher education locally and the New Anglia and GCGP LEPs. Maintaining a quality brand is essential for the College's success at attracting students and enhancing and developing external relationships.

PRINCIPAL RISKS AND UNCERTAINTIES:

The annual internal audit report has returned a positive opinion on the College's risk management arrangements and internal control environment.

The College does not have a specific risk management forum but instead has used the College Leadership Team (which includes the Senior Management Team) to review risks and the risk register so that it remains a useful and contemporary document. This has exposed the risk register and therefore risk management to a wider audience which has served to improve the embedding of risk management.

The College Leadership Team undertakes a comprehensive review of the risks to which the College is exposed and the risk register is updated at least twice a year. The risk register records the key risks using a consistent and transparent grading system which identifies, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Responsibility for implementing actions to mitigate the risks arising is allocated to specific managers.

In addition to the bi-annual review, the College Leadership Team will also consider any risks which may arise as a result of a new area of work being undertaken by the College and if required, these risks will be added at any time to the risk register. After each bi-annual review, the risk register is considered and approved by the Audit Committee which then reports in turn to the Corporation.

Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

1. Government funding

Government funding, through the EFA and SFA, has consistently reduced over the last few years and this shows no sign of changing for the foreseeable future. Despite the aspiration of government and its agencies to reduce bureaucracy, the College is also being required to undertake more duties as a condition of what is reducing funding. Where funding provides opportunity for growth i.e. 16-18 apprenticeships and 24+ Loans, the College has found it very challenging to enrol sufficient numbers to increase its income.

Members' Report *(continued)*

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

- Continuing demographic pressures on student numbers
- Central government budgets remain under pressure and funding reductions are expected for the foreseeable future

These risks are mitigated in a number of ways:

- Use of external expert services to advise on compliance with the new funding regimes to minimise the risk of funding loss
- The attraction of new facilities both at the King's Lynn and Wisbech campuses has had a positive impact on student perceptions
- Extra investment in marketing has allowed the College to increase its market share of the 16-18 year old age group particularly in the King's Lynn area
- Regular and timely reporting of student recruitment, retention and achievement will highlight any potential issues as they arise
- By ensuring the College continues to be rigorous in delivering high quality education and training
- Strengthening the already positive relationship with a number of key bodies including funding bodies, schools and local government and nurturing relationships with both employers and LEPs
- Focussing on activities that meet local and national needs and that the College believes will continue to benefit from public funding
- Focus on cost reductions to ensure that the College can manage its activities within a reduced funding envelope

In addition, the College is included in wave 5 of the Government's Area Review process. Area Reviews are designed to deliver:

- further education institutions which are financially viable, sustainable, resilient and efficient, and deliver maximum value for public investment;
- an offer that meets each area's educational and economic needs;
- providers with strong reputations and greater specialisation;
- sufficient access to high quality and relevant education and training for all; and
- Colleges well equipped to respond to the reform and expansion of the apprenticeship programme.

Drawing on its strong reputation, track record of delivery and proven financial strength, the College is confident that it is well placed to grasp the opportunities and / or meet the challenges presented by the Area Review process.

2. Accommodation

Whilst the risk presented by accommodation has lessened due to the improvements made at the King's Lynn and Wisbech campuses, the College needs to make further improvements to ensure its sites are first class and offer learners an optimal learning opportunity that improves their employability. The College also needs to ensure that maintenance of the building stock continues.

3. Staffing

With pressure on FE Sector funding having an impact on pay budgets in colleges there will be an increased tension between retaining high quality staff and containing the pay budget to within an acceptable percentage of income. The growing confidence in the economy and in particular the construction sector has seen many experienced and capable staff leave the FE sector to return to industry.

The College will, in part, seek to mitigate pressure on staffing budgets by building on recent improvements in IT infrastructure to streamline and automate many of the manual processes that still exist thereby freeing up resource to ensure that high quality staff are retained.

4. Apprenticeship levy

The introduction of an apprenticeship levy for employers from April 2017 presents a risk to funding levels for the College but also an opportunity to increase income. To address this:

- Management is maintaining a close overview of emerging guidance
- Systems are being developed to manage cash and information flows under the new arrangements
- Local employers have been engaged around the revised arrangements
- Consideration is being given to restructuring senior management at the College to focus on business development

STAKEHOLDER RELATIONSHIPS

In line with other colleges and universities, the College of West Anglia has many stakeholders. These include:

- Students and their parents
- Education funding bodies
- FE Commissioner
- Staff
- Schools
- Anglia Ruskin University (the College's HE partner)
- Local employers
- Local authorities
- Government departments and agencies
- Local Enterprise Partnerships (LEPs)
- The local community
- Other FE institutions
- Trade unions
- Voluntary organisations
- Professional bodies

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

Single equality policy – contains race relations, gender and disability

The College is committed to ensuring equality of opportunity for all who learn and work within it. The College respects and values positively differences in race; gender; sexual orientation; disability; religion; belief or age and strives vigorously to remove conditions which place people at a disadvantage and will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis. The College's Single Equality and Diversity Policy, which includes its Race Relations Policy, Gender Policy and Disability Access Policy is published on the College's intranet site.

Members' Report *(continued)*

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

The College is a 'Positive about Disabled' employer and has committed to the principles and objectives of the Positive about Disabled standard. The College considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee or student becomes disabled, every effort is made to ensure that employment or learning with the College continues. The College's policy is to provide training, career development and opportunities for promotion which are, as far as possible, identical to those for other employees.

Disability statement

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

- Improvements to disabled access to buildings will be implemented as part of the College's accommodation strategy
- The College employs an Additional Support Co-ordinator, who provides information and advice and arranges support where necessary for students with disabilities
- There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the learning centre
- The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy
- The College has made a significant investment in the appointment of specialist lecturers and learning support assistants to support students with learning difficulties and/or disabilities. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities
- Specialist programmes are described in College marketing material, and achievements and destinations are recorded and published
- Counselling and welfare services are described to students along with the Complaints and Disciplinary Procedure during the induction process

Disclosure of information to auditors

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

Approved by order of the members of the Corporation on 7 December 2016 and signed on its behalf by:

S Cambridge
Chair

S. Cambridge
7.12.16

Statement of Corporate Governance and Internal Control

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

The College endeavours to conduct its business:

i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code") except in the matters outlined below; 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 substantially complied with the Code of Good Governance for English Colleges. 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 the provisions of the Code of Good Governance for English Colleges, excepting that Governors are appointed for more than two terms and Directors of the College's subsidiary companies are also Governors of the Corporation, and it has so complied since the date of the Code's adoption on 16 March 2016 to the year ended 31 July 2016. Prior to this date the College complied with the provisions of the Foundation Code of Governance. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 16 March 2016.

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 composition of the Corporation, together with attendance at Corporation board meetings, is set out on pages 13 to 15. It is the Corporation's responsibility to bring independent judgment 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, safeguarding and personnel related matters such as health and safety and property/environmental issues. The Corporation meets at least once every term and Corporation members meet for two further planning/training days each year.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are: finance and general purposes; employment policy; performance review and quality; remuneration; search and governance and audit. In addition the Corporation sets up sub-groups to consider specific topics, these include a property steering group (disbanded 29 September 2016) and an Area Review Task and Finish Group (formed 7 September 2016). The Corporation has set up with the Borough Council of King's Lynn and West Norfolk and Fenland District Council strategic liaison committees to strengthen governor oversight of the College's relationships with the Councils.

Full minutes of all meetings except those deemed to be confidential by the Corporation can be found on the College's web-site (www.col-westanglia.ac.uk/corporation-minutes) or from the Clerk of the Corporation at:

College of West Anglia
Tennyson Avenue
King's Lynn
Norfolk
PE30 2QW

Members

The members who served on the Corporation during the year and up to the date of signature of this report were as listed in the table below:

Name	Date of Appointment / Re-appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served	Corporation Board Meeting Attendance To 31/7/16
Roger Almond	(April 2006) Re-appointed April 2014	4 years	17/5/16	Governor	F&GP PSG (Chair)	100%
Anthony Barnett	October 2014	4 years	5/5/16	Staff Governor	Audit	n/a special circumstances
Kate Barnett	(October 2007) Re-appointed May 2015	4 years		Governor	RC (Chair) EPC SCG	100%
Sharon Cambridge	(July 2002) Re-appointed July 2014	4 years		Governor	EPC RC SCG (Chair)	80%
Andrew Cave	(December 2001) Re-appointed December 2013	4 years		Governor	F&GP (Chair) SCG RC	80%
Steve Count	October 2013	4 years		Governor	F&GP	40%
Ashlea Cunningham	March 2015	1 year	1/10/15	Student Governor	n/a	n/a
Nick Daubney	(Oct 2007) Re-appointed October 2015	4 years		Governor	F&GP	20%
Scott Leadley	December 2011	4 years		Staff Governor	PR&Q	100%
David Pomfret	July 2007	Term of Appointment		Principal/Chief Executive	F&GP SCG EPC PR&Q PSG	100%

Name	Date of Appointment / Re-appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served	Corporation Board Meeting Attendance To 31/7/16
Joe Rainsbury	October 2015	4 years		Governor	Audit	75%
Lee-Jay Scott	March 2015	1 year	21/1/16	Student Governor	n/a	100%
Chris Seaton	March 2012	4 years	14/3/16	Governor	Audit	100%
Valerie Smith	May 2016	4 years		Governor	Audit	100%
Derek Stringer	(December 2002) Re-appointed December 2014	4 years		Governor	EPC RC	60%
Richard Tester	March 2016	4 years	17/10/16	Governor	Audit	50%
Mike Thorne	(October 2010) Re-appointed October 2014	4 years	31/12/15	Governor	Audit	50%
Martin Thurnell	March 2015	4 years	16/10/15	Governor	Audit	0%
Jill Tuck	(March 2012) Re-appointed March 2016	4 years		Governor	Audit (Chair)	80%
Roger Ward	(April 2006) Re-appointed April 2014	4 years		Governor	F&GP SCG RC	100%
Roderick Watkins	March 2016	4 years		Governor	PR&Q	100%
Gary Webb	(December 2010) Re-appointed December 2014	4 years		Governor	PSG PR&Q	80%

Name	Date of Appointment / Re-appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served	Corporation Board Meeting Attendance To 31/7/16
Sandy Willatt	(April 2006) Re-appointed April 2014	4 years		Governor	PR&Q (Chair)	60%
Klaudia Ziembicka	December 2015	1 year	31/7/16	Student Governor	n/a	25%
Co-opted Non-governors:						
Michael Andrews	May 2015	4 years		Co-opted Non-governor	Audit	n/a
Gordon Boyd	October 2013	4 years	18/5/16	Co-opted Non-governor	PR&Q	n/a
Peter Dixon	July 2012	4 years	31/7/16	Co-opted Non-governor	PSG	n/a
David Steele	July 2010 (Re-appointed July 2014)	4 years		Co-opted Non-governor	PSG	n/a

Key: F&GP: Finance & General Purposes — EPC: Employment Policy

PR&Q: Performance Review & Quality — SCG: Search & Governance

RC: Remuneration — PSG: Property Steering Group (working group)

Attendance During 2015-16: Corporation members achieved an overall attendance rate of 79% for all meetings and 71% for Board meetings. Reasons for members' non-attendance have been discussed with and accepted by the Search and Governance Committee

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 during normal office hours.

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 compliance with all applicable procedures and regulations. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

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

With the exception of two staff members and the Accounting Officer, the Corporation is non-executive and independent of management 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 that could materially interfere with the exercise of their independent judgment.

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

Corporation Performance

The Corporation carries out an annual self-assessment of its performance and effectiveness. For 2015-16 the Corporation self-assessed its performance as 'good'.

Appointments to the Corporation

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

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

Remuneration Committee

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

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

Audit Committee

The Audit Committee comprises one co-opted member from outside the Corporation and five members of the Corporation (excluding the Accounting Officer and Chair of the Corporation). 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 three times per year 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 main funding bodies as they affect internal controls.

The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed audit plan 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, reporting accountants and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Corporation.

Internal control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibility assigned to him in the Financial Memorandum between the College and the Chief Executive of Skills Funding. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal financial 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 the College throughout 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 governing body of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate
- a register of major risks and measures to mitigate these

The College has an internal audit service, which operates in accordance with 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.

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

Review of effectiveness

The Accounting Officer has responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is informed by:

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

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

The Accounting Officer and senior management team receive reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Accounting Officer and senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2016 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2016 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2016.

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

Going concern

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

Approved by order of the members of the Corporation on 7 December 2016 and signed on its behalf by:

S Cambridge
Chair

S. Cambridge.

D Pomfret
Accounting Officer

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

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

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

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

S Cambridge
Chair
7 December 2016

S. Cambridge

D Pomfret
Accounting Officer
7 December 2016

Statement of 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 and the Funding Agreement agreed between the Skills Funding Agency and the Education Funding Agency respectively 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 2007 Statement of Recommended Practice – Accounting for Further and Higher Education and with the Accounts Direction issued jointly by the Skills Funding Agency and the Education Funding Agency, and which give a true and fair view of the state of affairs of the College and the result for that year.

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

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

The Corporation is also required to prepare an Operating and Financial Review which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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

The maintenance and integrity of the College of West Anglia website is the responsibility of the governing body 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 / EFA are used only in accordance with the Financial Memorandum / Financial Agreement with the Skills Funding Agency / EFA and any other conditions may be prescribed from time to time. 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 from the Skills Funding Agency / EFA are not put at risk.

Approved by order of the members of the Corporation on 7 December 2016 and signed on its behalf by:

S Cambridge S. Cambridge
Chair

Independent auditor's report to the Corporation of The College of West Anglia

We have audited the Group and College financial statements ("the financial statements") of The College of West Anglia for the year ended 31 July 2016 set out on pages 25 to 55. 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 The College of West Anglia 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, changes in reserves and 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.

S Beavis

Stephanie Beavis 12 **December 2016**

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Botanic House, 100 Hills Road, Cambridge, CB2 1AR

Reporting accountant's assurance report on regularity

To: The Corporation of The College of West Anglia and the Secretary of State for Education acting through Skills Funding Agency

In accordance with the terms of our engagement letter dated 31 January 2013 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 The College of West Anglia during the period 1st August 2015 to 31 July 2016 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

This report is made solely to the Corporation of the College of West Anglia 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 The College of West Anglia 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 The College of West Anglia and Skills Funding Agency for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The College of West Anglia and the reporting accountant

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

Approach

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

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

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

Reporting accountant's assurance report on regularity (continued)

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.

SBeavis

Stephanie Beavis
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Botanic House, 100 Hills Road, Cambridge, CB2 1AR

12 **December 2016**

Consolidated Statements of Comprehensive Income

	Notes	Year ended 31 July 2016 Group £'000	Year ended 31 July 2016 College £'000	Year ended 31 July 2015 Restated Group £'000	Year ended 31 July 2015 Restated College £'000
INCOME					
Funding body grants	2	23,740	23,740	25,858	25,858
Tuition fees and education contracts	3	3,551	3,271	3,240	3,007
Other grants and contracts	4	1,358	1,358	2,412	2,398
Other income	5	1,775	1,971	1,954	1,985
Endowment and investment income	6	15	15	18	18
Total income		30,439	30,355	33,482	33,266
EXPENDITURE					
Staff costs	7	18,118	18,118	18,254	18,254
Other operating expenses	8	9,136	8,773	12,023	11,834
Depreciation	11	3,036	2,946	3,138	3,041
Interest and other finance costs	9	791	791	792	792
Total expenditure		31,081	30,628	34,207	33,921
(Deficit)/surplus before other gains and losses		(642)	(273)	(725)	(655)
Gain/(loss) on disposal of assets		13	11	1,415	1,396
(Deficit)/surplus before tax		(629)	(262)	690	741
Taxation	10	-	-	-	-
(Deficit)/surplus for the year		(629)	(262)	690	741
Actuarial loss in respect of pensions schemes	23	(2,717)	(2,717)	(1,371)	(1,371)
Total Comprehensive Loss for the year		(3,346)	(2,979)	(681)	(630)

The notes on pages 29 to 55 form an integral part of these financial statements.

Consolidated and College Statement of Changes in Reserves

	General Reserve (including pension reserve) £'000	Revaluation reserve £'000	Total £'000
Group			
Restated balance at 1st August 2014	1,540	4,169	5,709
Surplus/(deficit) from the income and expenditure account	690	-	690
Other comprehensive loss	(1,371)	-	(1,371)
Transfers between revaluation and income and expenditure reserves	751	(751)	-
	70	(751)	(681)
Balance at 31st July 2015	1,610	3,418	5,028
Surplus/(deficit) from the income and expenditure account	(629)	-	(629)
Other comprehensive loss	(2,717)	-	(2,717)
Transfers between revaluation and income and expenditure reserves	459	(459)	-
Total comprehensive loss for the year	(2,887)	(459)	(3,346)
Balance at 31st July 2016	**(1,277)**	**2,959**	**1,682**
College			
Restated balance at 1st August 2014	1,328	4,169	5,497
Surplus/(deficit) from the income and expenditure account	741	-	741
Other comprehensive loss	(1,371)	-	(1,371)
Transfers between revaluation and income and expenditure reserves	751	(751)	-
	121	(751)	(630)
Balance at 31st July 2015	1,449	3,418	4,867
Surplus/(deficit) from the income and expenditure account	(262)		(262)
Other comprehensive loss	(2,717)		(2,717)
Transfers between revaluation and income and expenditure reserves	459	(459)	-
Total comprehensive loss for the year	(2,520)	(459)	(2,979)
Balance at 31st July 2016	**(1,071)**	**2,959**	**1,888**

The notes on pages 29 to 55 form an integral part of these financial statements.

Balance sheets as at 31 July

	Notes	Group	College	Group Restated	College
		2016	2016	2015	2015
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets	11	52,109	50,595	48,158	47,820
Investments	12	-	3,344	-	3,344
		52,109	53,939	48,158	51,164
Current assets					
Trade and other receivables	13	916	890	1,584	1,553
Cash and cash equivalents	18	5,184	5,181	6,544	6,544
		6,100	6,071	8,128	8,097
Less: Creditors – amounts falling due within one year	14	(8,686)	(10,300)	(8,372)	(11,508)
Net current assets		(2,586)	(4,229)	(244)	(3,411)
Total assets less current liabilities		49,523	49,710	47,914	47,753
Less: Creditors – amounts falling due after more than one year	15	(26,647)	(26,628)	(25,304)	(25,304)
Provisions					
Defined benefit obligations	17	(20,286)	(20,286)	(16,635)	(16,635)
Other provisions	17	(908)	(908)	(947)	(947)
Total net assets		1,682	1,888	5,028	4,867
Unrestricted reserves					
Income and expenditure account		(1,277)	(1,071)	1,610	1,449
Revaluation reserve		2,959	2,959	3,418	3,418
Total unrestricted reserves		1,682	1,888	5,028	4,867

The financial statements on pages 25 to 55 were approved and authorised for issue by the Corporation on 7 December 2016 and were signed on its behalf on that date by:

S Cambridge
Chair

S. Cambridge

D Pomfret
Accounting Officer

The notes on pages 29 to 55 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

	Notes	2016 £'000	2015 £'000
Cash inflow from operating activities:			
(Deficit)/surplus for the year		**(629)**	690
Adjustment for:			
Depreciation		**3,036**	3,138
(Profit) on disposal of tangible fixed assets		**(13)**	(1,415)
Deferred capital grants released to income		**(523)**	(518)
Decrease/(increase) in debtors		**668**	(503)
Increase/(decrease) in creditors		**405**	855
(Decrease)/increase in provisions		**(39)**	346
Pensions costs less contributions payable		**935**	892
Adjustment for investing or financing activities:			
Investment income		**(15)**	(18)
Interest payable		**187**	170
Net cash flow from operating activities		**4,012**	3,637
Cash flows from investing activities:			
Proceeds from sale of fixed assets		**17**	1,564
Deferred capital grants received		**2,794**	3,066
Investment income		**15**	18
Payments made to acquire fixed assets		**(6,990)**	(7,426)
		(4,164)	(2,778)
Cash Flows from financing activities:			
Interest paid		**(179)**	(191)
Interest element of finance leases		**(8)**	(10)
Repayments of amounts borrowed		**(955)**	(888)
Capital element of finance lease payments		**(66)**	(64)
		(1,208)	(1,153)
(Decrease) / increase in cash and cash equivalents in the year		**(1,360)**	(294)
Cash and cash equivalents at beginning of the year	**18**	**6,544**	6,838
Cash and cash equivalents at end of the year	**18**	**5,184**	6,544

The notes on pages 29 to 55 form an integral part of these financial statements.

Notes to the Accounts

1. Statement of accounting policies and estimation techniques

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

Basis of preparation

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

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

Transition to the 2015 FE HE SORP

The College is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the College has amended certain accounting policies to comply with FRS 102 and the 2015 FE HE SORP. The 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 26.

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; and
- 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.

Basis of consolidation

The consolidated financial statements of the group include the financial statements of the College and its subsidiary undertakings. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 2, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are prepared to 31 July 2016.

Going concern

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

At the balance sheet date the College held £5.2m in cash and cash equivalents. In addition, the College currently had £4.7m of uncommitted facility. The facility is available for unconditional drawdown and is secured by a letter of negative pledge. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and within the associated bank covenants for the foreseeable future.

1. Statement of accounting policies and estimation techniques *(continued)*

Going concern *(continued)*

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.

Recognition of income

The recurrent grant from HEFCE represents the funding allocations attributable to the current financial year for higher education students and is credited directly to the income and expenditure account.

Further Education funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the adult learner responsive funding element is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of November following the year end. Employer responsive grant income is recognised based on a year-end reconciliation of income claimed and actual delivery with the Skills Funding Agency. 16-18 learner-responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments.

Other discrete funding body grants received during the year are taken to income as expenditure is incurred in line with the specific terms and conditions attached to each grant by the funding bodies.

Where the College receives and disburses funds in which it has no direct beneficial interest, such funds are excluded from the income and expenditure account on the grounds that the College does not have direct control over the future economic benefits derived from these funds. The College has applied this policy to certain funds received during the year from the Skills Funding Agency (see note 25).

Government capital grants are recognised in income over the expected useful life of the asset. 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 other grants and from contracts and other services rendered is included to the extent the conditions of the funding have been met or the extent of the completion of the contract or service concerned.

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

Accounting for post-employment benefits

Retirement benefits for 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.

Contributions to the TPS scheme are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method

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

Further details of the pension schemes are given in note 23

1. Statement of accounting policies and estimation techniques *(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. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account on an annual basis. Land and buildings acquired since incorporation are included in the balance sheet at cost.

Componentisation - where an asset contains a component with a significant cost in relation to the overall asset and a different useful life, the College recognises and accounts for the component separately. Where components are recognised they are depreciated over their own useful lives when calculating the depreciation chargeable for the year. Where capital expenditure results in an acquisition which replaces a component of an asset, the original component is derecognised in order to ensure that the Council does not overstate its assets. The de-minimis level for componentising assets is £250,000 on the gross book value of buildings only. The three building components used are structure, fitting out and machinery and equipment.

Depreciation - Freehold land is not depreciated. Freehold buildings and their components are depreciated over their expected useful economic life to the College of between 15 and 75 years. Leasehold land and buildings are amortised over 10 years or, if shorter, the period of the lease. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

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 not capitalised as part of the cost of those assets

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset 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 asset's 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. They are not depreciated until they are brought into use

Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition; however items may be pooled together. All other equipment is capitalised at cost. Equipment inherited from the Local Education Authority is included in the balance sheet at valuation

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

Notes *(continued)*

1. Statement of accounting policies and estimation techniques *(continued)*

Non-current Assets - Tangible fixed assets *(continued)*

• Motor vehicles and general equipment	4 years
• Other plant and equipment	5years or 10 years
• computer equipment	4 years
• furniture and fittings	5 years
• Farm equipment	10 Years

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

Leased assets

Costs in respect of operating leases 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

Investments

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

Cash

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

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.

Liquid resources

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

Notes *(continued)*

1. Statement of accounting policies and estimation techniques *(continued)*

Provisions

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

Agency arrangements

The College acts as an agent in the collection and payment of learner support funds. Related income received from funding agencies and subsequent disbursements to students are excluded from the income and expenditure account and are shown separately in note 25, except for the 5% of the grant received which is available to the College to cover administration costs relating to the grant. The College employs two members of staff dedicated to the administration of Learner Support Fund applications and payments.

Notes *(continued)*

2 Funding body grants

	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
Skills Funding Agency	6,152	6,152	7,753	7,753
Education Funding Agency	17,065	17,065	17,597	17,597
Specific Grants				
Releases of government capital grants	523	523	508	508
Total	23,740	23,740	25,858	25,858

3 Tuition fees and education contracts

	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
Fees - full cost provision	475	195	378	145
Fees - other funded provision	546	546	568	568
Fees for FE loan supported courses	519	519	501	501
Total tuition fees	1,540	1,260	1,447	1,214
Education contracts	2,011	2,011	1,793	1,793
Total	3,551	3,271	3,240	3,007

4 Other grants and contracts

	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
European Commission	(52)	(52)	39	36
Other grants and contracts	1,410	1,410	2,373	2,362
Total	1,358	1,358	2,412	2,398

Notes *(continued)*

5 Other income

	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
Catering and residences	6	6	6	6
Other income generating activities	799	779	793	771
Other grant income	28	32	222	205
Miscellaneous income	942	1,154	933	1,003
	1,775	1,971	1,954	1,985

6 Investment income

	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
Other interest receivable	15	15	18	18

Notes *(continued)*

7 Staff costs – Group and College

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

	2016 No.	2015 No.
Teaching staff	**220**	231
Teaching support staff	**141**	134
Non teaching staff	**180**	184
	541	549

Staff costs for the above persons

	2016 £'000	2015 £'000
Wages and salaries	**14,364**	14,895
Social security costs	**905**	883
Other pension costs	**2,776**	2,371
	18,045	18,149
Contractual restructuring costs	**73**	105
	18,118	18,254

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Management Team which comprises the Principal, the Executive Director Curriculum and Learning, the Executive Director Finance and Resources and the Executive Director – Partnerships

Emoluments of Key management personnel, Accounting Officer

	2016 No.	2015 No.
The number of key management personnel including the Accounting Officer was:	**4**	4

Notes *(continued)*

7 Staff costs – Group and College *(continued)*

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

	2016 No.	2015 No.
£70,001 to £80,000	3	3
£130,001 to £140,000	1	1
	4	4

No other member of staff received annual emoluments, excluding pension contributions but including benefits in kind, in excess of £60,000 p.a. *(2014/15: nil)*

Key management personnel emoluments are made up as follows:

	2016 £'000	2015 £'000
Salaries	364	351
Benefits in kind	-	-
	364	351
Pension contributions	55	49
Total emoluments	419	400

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

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

	2016 £'000	2015 £'000
Salaries	140	140
Benefits in kind	-	-
	140	140
Pension contributions	23	20

7 **Staff costs – Group and College** *(continued)*

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

In addition to the amounts disclosed above, the Accounting Officer received a salary of £40,000 together with attributable pension contributions of £6,512 in his capacity as Chief Executive of the CWA Academy Trust *(2015: £40,000 and £5,640)*.

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

8 **Other operating expenses**

	Year ended 31 July		Year ended 31 July	
	2016	**2016**	2015	2015
	Group	**College**	Group	College
	£'000	**£'000**	£'000	£'000
Teaching costs	3,655	3,406	6,473	6,301
Non teaching costs	3,091	2,977	2,547	2,532
Premises costs	2,390	2,390	3,003	3,001
Total	**9,136**	**8,773**	12,023	11,834

Other operating expenses include:	**2016**	2015
	£'000	£'000
Auditors' remuneration:		
Financial statements audit*	36	34
Internal audit**	18	18
Other services provided by the financial statements auditors	7	20
Hire of assest under operating leases	106	494

* includes £31,500 in respect of the College *(2014/15 £30,900)*
** includes £17,969 in respect of the College *(2014/15 £17,951)*

9 **Interest and other finance costs – Group and College**

	2016	2015
	£'000	£'000
On bank loans, overdrafts and other loans:	179	201
	179	201
On finance leases	8	10
Pension finance costs (note 23)	604	581
Total	**791**	792

10 Taxation – Group only

The members do not believe the College was liable for any corporation tax arising out of its activities during either period

11 Tangible fixed assets

Group

	Freehold Land and buildings £'000	Equipment £'000	Assets in the Course of Construction £'000	Total £'000
Cost or valuation				
At 1 August 2015	62,676	19,012	5,853	87,541
Additions	-	1,193	5,797	6,990
Disposals	-	(3)	-	(3)
At 31 July 2016	**62,676**	**20,202**	**11,650**	**94,528**
Depreciation				
At 1 August 2015	23,410	15,973	-	39,383
Charge for the year	1,704	1,332	-	3,036
At 31 July 2016	**25,114**	**17,305**	**-**	**42,419**
Net book value at 31 July 2016	**37,562**	**2,897**	**11,650**	**52,109**
Net book value at 31 July 2015	39,266	3,039	5,853	48,158

Notes *(continued)*

11 Tangible fixed assets *(continued)*

College

	Freehold Land and buildings £'000	Equipment £'000	Assets in the Course of Construction £'000	Total £'000
Cost or valuation				
At 1 August 2015	62,230	18,393	5,853	86,476
Additions	-	1,188	4,536	5,724
Disposals	-	(3)	-	(3)
At 31 July 2016	**62,230**	**19,578**	**10,389**	**92,197**
Depreciation				
At 1 August 2015	23,131	15,525	-	38,656
Charge for the year	1,686	1,260	-	2,946
Elimination in respect of disposals	-	-	-	-
At 31 July 2016	**24,817**	**16,785**	-	**41,602**
Net book value at 31 July 2016	**37,413**	**2,793**	**10,389**	**50,595**
Net book value at 31 July 2015	39,099	2,868	5,853	47,820

Land and buildings were valued for the purpose of the 1994 financial statements at depreciated replacement cost by The District Valuer & Valuations Office (Peterborough) in accordance with the RICS Statement of Asset Valuation Practice and Guidance notes. Other tangible fixed assets inherited from the Local Education Authority at incorporation have been valued by the Corporation on a depreciated replacement cost basis with the assistance of independent professional advice.

The net book value of equipment includes an amount of £204,000 (*2014/15: £272,000*) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £68,000 (*2014/15: £68,000*).

Land and buildings with a net book value of £2,959,000 (*2014/15: £3,417,000*) have been financed from exchequer funds. Should these assets be sold, the College may be liable, under the terms of the financial memorandum to surrender the proceeds.

The Skills Funding Agency provided £2,637,000 during the year to fund the construction of the £6.5m University Centre at the King's Lynn Campus.

12 Investments

	College 2016 £'000	College 2015 £'000
Investments in subsidiary companies	3,344	3,344
Total	**3,344**	3,344

The College owns ordinary shares in the following companies, incorporated in Great Britain and registered in England and Wales:

Name of undertaking	Country of registration	Description of shares held	Proportion of nominal values of issued shares held
CWA Enterprises Limited	England and Wales	100 x ordinary £1 shares	100%
CWA Developments Limited	England and Wales	1 x ordinary £1 share	100%

The principal business activity of CWA Enterprises Limited is the supply of education and training courses to commercial clients and for CWA Developments Limited to design and build new buildings for the College.

13 Debtors

	Group 2016 £'000	College 2016 £'000	Group 2015 £'000	College 2015 £'000
Amounts falling due within one year:				
Trade receivables	**139**	**110**	181	164
Other debtors	**11**	**14**	91	91
Prepayments and accrued income	**526**	**526**	852	838
Amounts owed by the Skills Funding Agency	**240**	**240**	460	460
Total	**916**	**890**	1,584	1,553

Notes *(continued)*

14 Creditors: amounts falling due within one year

	Group 2016 £'000	College 2016 £'000	Group 2015 £'000	College 2015 £'000
Bank loans and overdrafts	911	911	990	990
Obligations under finance leases	68	68	66	66
Payments received on account	237	237	532	532
Trade payables	488	439	1,366	1,284
Amounts owed to subsidiary undertakings	-	3,090	-	3,277
Corporation tax	-	-		
Other taxation and social security	337	324	301	296
Accruals and deferred income*	4,808	3,376	3,685	3,630
Deferred income - government capital grants	481	481	497	497
Deferred income - government revenue grants	792	792	392	392
Other creditors	564	582	543	544
Total	8,686	10,300	8,372	11,508

15 Creditors: amounts falling due after more than one year

	Group 2016 £'000	College 2016 £'000	Group 2015 £'000	College 2015 £'000
Bank loans	5,429	5,429	6,264	6,264
Other loans	19	-	60	60
Obligations under finance leases	142	142	210	210
Deferred income - government capital grants	21,057	21,057	18,770	18,770
Total	26,647	26,628	25,304	25,304

Notes *(continued*

16 Maturity of debt

(a) Bank loans and overdrafts – Group and College

Bank loans and overdrafts are repayable as follows:

	2016	2015
	£'000	£'000
In one year or less		
Between one and two years	**911**	990
Between two and five years	**912**	912
In five years or more	**1,825**	1,823
	2,692	3,529
Total	**6,340**	7,254

The bank loan bears interest at a fixed rate of 2.624% and is repayable by instalments falling due between 1st August 2014 and 31st July 2023.

(b) Finance leases – Group and College

The net finance lease obligations to which the institution is committed are:

	2016	2015
	£'000	£'000
In one year or less	**68**	66
Between two and five years	**70**	68
In five years or more	**72**	142
Total	**210**	276

Finance lease obligations are secured on the assets to which they relate.

Notes *(continued)*

16 Maturity of debt *(continued)*

(b) Other creditors – Group and College

	2016	2015
	£'000	£'000
In one year or less	41	52
Between two and five years	19	41
In five years or more	-	19
Total	**60**	112

Other creditors comprise loans to fund energy reduction initiatives. The loans are interest free and are repayable by instalments falling due between 1st August 2014 and 31st July 2018.

17 Provisions – Group and College

	Group and College			
	Defined Benefit Obligations	Onerous lease	Other Pension	Total
	£'000	£'000	£'000	£'000
At 1 August 2015	16,635	346	601	17,582
Expenditure in the period	(1,393)			(1,393)
Transferred from income and expenditure account	-	(39)	-	(39)
Additions	5,044	-	-	5,044
At 31 July 2015	**20,286**	**307**	**601**	**21,194**

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 23.

The onerous lease provision relates to premises at Downham Market leased under a 25 year lease expiring on 5th June 2026. The decision to vacate the premises was taken during 2014-15 as part of a cost saving and restructure exercise. The lease is non-cancellable and no opportunity to sub-let the premises has been identified to date. Consequently, full provision has been made for the payments falling due over the remaining lease term

The other pension provision relates to pension liabilities assumed by the College following its merger with the Cambridge Isle College in 2006. At that time, the College was unable to meet the cost of transferring all pension liabilities arising on a clean break basis and, consequently, a number of deferred pensioners remain in the Cambridge Isle College scheme which is closed to new members. The College remains liable to meet any future funding deficit arising in the Cambridge Isle College scheme based on actuarial assessment as part of the tri-annual valuation process. The next tri-annual valuation is due to take effect from April 2017 and management will review the level of provision for adequacy at that time

Notes *(continued)*

18 Cash and cash equivalents

	At 1 August 2015 £'000	Cash flows £'000	**At 31 July 2016 £'000**
Cash and cash equivalents	6,544	(1,360)	**5,184**

19 Capital and other commitments

	Group 2016 £'000	**College 2016 £'000**	Group 2015 £'000	College 2015 £'000
Commitments contracted for at 31 July	**623**	**504**	1,166	1,151
Commitments authorsised but not contracted for at 31 July	**-**	**-**	-	-

20 Lease obligations

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

	Group and College	
	2016 £'000	2015 £'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	**91**	56
Later than one year and not later than five years	**257**	222
later than five years	**873**	929
	1,221	1,207
Other		
Not later than one year	**17**	12
Later than one year and not later than five years	**29**	32
later than five years	**-**	-
	46	44

Notes *(continued)*

21 Contingent liabilities

The College had no contingent liabilities as at 31 July 2016.

22 Events after the reporting period

Details of post balance sheet events are given in the report of the members of the Corporation.

23 Defined benefit obligations

The College's employees belong to two principal pension schemes, the Teachers' Pension Scheme in England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff which is managed by Norfolk County Council for current employees and Cambridgeshire County Council for previous employees of Cambridge College of Agriculture and Horticulture ("CCAH") and Isle College. Both are multi-employer defined-benefit schemes.

	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Teachers' Pension Scheme: contributions paid		1,047		824
Local Government Pension Scheme:				
Contributions paid	1,373		1,267	
FRS 102 (28) charge	356		280	
Charge to the Statement of Comprehensive Income		1,729		1,547
Enhanced pension charge to Statement of Comprehensive Income		-		-
Total Pension Cost for Year within staff costs		2,776		2,371

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

Contributions amounting to £133,000 for the TPS and £154,000 for the LGPS were payable to the scheme at 31 July and are included in creditors (*2015: £131,000 and £141,000*).

23 Defined benefit obligations *(continued)*

Teachers' Pension Scheme

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

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

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

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.

23 Defined benefit obligations *(continued)*

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

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

The pension costs paid to TPS in the year amounted to £ 1,048,000 (*2015: £989,000*).

Financial Reporting Standard (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 scheme, with the assets held in separate trustee administered funds. The total contribution made in respect of the year ended 31 July 2016 was £1,774 (*2015: £1,647,000*) of which employer contributions totalled £1,387 (*2015: £1,267,000*), and employees' contributions totalled £387,000 (2015: £380,000). The employer's contribution rate is currently 13.5%. The College also pays an annual deficit recovery contribution which has been agreed until 31 March 2017. In the year to 31 March 2017 the College will pay a deficit contribution of £602,000. The contribution rate for employees is 5.5% to 12.5%.

The College is a member of three Local Government Pension Schemes – the Norfolk scheme, the Cambridgeshire (ex CCAH) scheme and the Cambridgeshire (ex Isle College) scheme. The actuarial information on each scheme has been aggregated below as all three schemes have similar characteristics and have been valued using materially consistent assumptions

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.

Notes *(continued)*

23 Defined benefit obligations *(continued)*

	At 31 July 2016 £'000	At 31 July 2015 £'000
Rate of increase in salaries	**2.90%**	3.50%
Future pensions increases	**1.90%**	2.60%
Discount rate for scheme liabilities	**2.40%**	3.60%
Inflation assumption (CPI)	**1.90%**	1.60%
Commutation of pensions to lump sums (pre Aprl 2008 service)	**50.00%**	50.00%
Commutation of pensions to lump sums (post Aprl 2008 service)	**75.00%**	75.00%

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 £'000 years	At 31 July 2015 £'000 years
Retiring today		
Males	**22.10**	22.10
Females	**24.30**	24.30
Retiring in 20 years		
Males	**24.50**	24.50
Females	**26.90**	26.90

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

Notes *(continued)*

23 Defined benefit obligations *(continued)*

	Long-term rate of return expected at 31 July 2016	Fair Value at 31 July 2016	Long-term rate of return expected at 31 July 2015	Fair Value at 31 July 2015
		£'000		£'000
Equities	2.40%	26,603	3.60%	23,369
Bonds	2.40%	11,352	3.60%	9,585
Property	2.40%	5,076	3.60%	4,481
Cash	2.40%	919	3.60%	1,158
Total market value of assets		43,950		38,593
Weighted average expected long term rate of return	2.40%		3.60%	
Actual return on plan assets		5,391		3,493

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

	2016	2015
	£'000	£'000
Fair value of plan assets	43,950	38,591
Present value of plan liabilities	(64,236)	(55,226)
Net pensions (liability)/asset (Note 17)	(20,286)	(16,635)

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

Amounts included in interest payable

	2016	2015
	£'000	£'000
Pension finance cost	(604)	(581)
	(604)	(581)

23 Defined benefit obligations *(continued)*

Amount recognised in Other Comprehensive loss:

	2016 £'000	2015 £'000
Return on pension plan assets	**3,363**	1,783
Experience losses arising on defined benefit obligations	**797**	450
Changes in assumptions underlying the present value of plan liabilities	**(6,877)**	(3,604)
Amount recognised in Other Comprehensive Income	**(2,717)**	(1,371)

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

	2016 £'000	2015 £'000
Surplus/(deficit) in scheme at 1 August	**(16,635)**	(14,401)
Movement in year:		
Current service cost	**(1,723)**	(1,549)
Employer contributions	**1,393**	1,267
Net interest on the defined (liability)/asset	**(604)**	(581)
Actuarial gain or loss	**(2,717)**	(1,371)
Net defined benefit (liability)/asset at 31 July	**(20,286)**	(16,635)

23 Defined benefit obligations *(continued)*

Asset and Liability Reconciliation:

	2016	2015
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	**55,226**	49,335
Current Service cost	**1,723**	1,549
Interest cost	**2,001**	1,983
Contributions by Scheme participants	**387**	385
Experience gains and losses on defined benefit obligations	**(797)**	(450)
Changes in financial assumptions	**6,877**	3,604
Estimated benefits paid	**(1,181)**	(1,180)
Defined benefit obligations at end of period	**64,236**	55,226
Reconciliation of Assets		
Fair value of plan assets at start of period	**38,591**	34,934
Interest on plan assets	**1,397**	1,402
Return on plan assets	**3,363**	1,783
Employer contributions	**1,393**	1,267
Contributions by Scheme participants	**387**	385
Estimated benefits paid	**(1,181)**	(1,180)
Assets at end of period	**43,950**	38,591

24 Related Party Transactions

Due 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 organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. No transactions were identified which should be disclosed under Financial Reporting Standard 8 'Related Party Disclosures

Professor M Thorne served as a governor until his resignation on 31st December 2015 and was also Vice Chancellor of Anglia Ruskin University, the College's partner in University Centre West Anglia, a joint venture constituted to deliver higher education courses to College of West Anglia students. Professor Roderick Watkins was appointed a governor on 16th March 2016 and is also Deputy Vice Chancellor (Research and Innovation) of Anglia Ruskin University. Income from the joint venture amounted to £1,948,000 in 2015/16 (*2014/15: £1,651,900*).

The total expenses paid to or on behalf of the Governors during the year was £1,530; 6 governors (*2015: £1,310; 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

Transactions with the Skills Funding Agency and HEFCE are detailed in notes 2, 11, 13 and 14.

Notes *(continued)*

25 Amounts Disbursed as Agent

	2016	2015
	£'000	£'000
Access Funds		
Funding body grants - hardship support	**946**	969
Interest earned	**1**	1
	947	970
Disbursed to students	**(801)**	(817)
Administration costs	**(42)**	(44)
Balance unspent as at 31 July, included in creditors	**104**	109

	2016	2015
	£'000	£'000
Other Learner Support Funds		
Funding body grants – bursary support	**34**	70
	34	70
Disbursed to students	**(3)**	-
Administration costs	**(2)**	-
Balance unspent as at 31 July, included in creditors	**29**	70

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements have therefore been excluded from the income and expenditure account, other than when the College has directly incurred expenditure itself

The income and expenditure consolidated in the College's financial statements relates to the purchase of some equipment from the access fund and the payment of accommodation by the College on the student's behalf.

26 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:

Notes *(continued)*

26 Transition to FRS 102 and the 2015 FE HE SORP *(continued)*

	Note	1st August 2014 Group £'000	1st August 2014 College £'000	31st July 2015 Group £'000	31st July 2015 College £'000
Financial Position					
Total reserves under previous SORP		3,334	3,122	2,710	2,549
Employee leave accrual	(a)	(376)	(376)	(435)	(435)
Release of non-government capital grants	(b)	317	317	286	286
Re-categorisation of operating to finance leases	(c)	-	-	(4)	(4)
Componentisation of tangible fixed assets - land and buildings	(d)	2,434	2,434	2,471	2,471
Total effect of transition to FRS 102 and 2015 FE HE SORP		2,375	2,375	2,318	2,318
Total reserves under 2015 FE HE SORP		5,709	5,497	5,028	4,867

	Note	Year ended 31st July 2015 Group £'000	Year ended 31st July 2015 College £'000
Financial Performance			
Total comprehensive income for the year under previous SORP		(624)	(573)
(increase)/decrease in employee leave accrual	(a)	(59)	(59)
Reversal of capital grants amortisation	(b)	(31)	(31)
Re-categorisation of operating to finance leases	(c)	(4)	(4)
Componentisation of tangible fixed assets - land and buildings	(d)	37	37
Total effect of transition to FRS 102 and 2015 FE HE SORP		(57)	(57)
Total comprehensive income for the year under 2015 FE HE SORP		(681)	(630)

a) Recognition of short term employment benefits

No provision for short term employment benefits such as holiday pay was made under the previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. The annual leave year runs to 31st August each year for both teaching and non-teaching staff meaning that, at the reporting date, there was an average of 20 unused leave days for each full-time equivalent member of staff. The cost of any unused entitlement is recognised in the period in which the employee's services are received. An accrual of £376,000 was recognised at 1 August 2014 and £435,000 at 31 August 2015. Following a re-measurement exercise in 2015/16, the movement on this provision of £59,000 has been charged to Comprehensive Income in the year ended 31 July 2016.

b) Non-government grants accounted for under performance model

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

Notes *(continued)*

26 Transition to FRS 102 and the 2015 FE HE SORP *(continued)*

c) Re-categorisation of operating to finance leases

A review of the College's lease commitments has resulted in the re-categorisation of a print and photocopier lease from an operating to a finance lease based on FRS 102 requirements to adopt a risk and reward incidental to ownership approach to determining the appropriate accounting treatment. The relevant asset and lease obligations are disclosed in notes 11 and 14 and the resulting finance charge to the Statement of Comprehensive Income in note 9.

d) Componentisation of tangible fixed assets - land and buildings

Where an asset contains a component with a significant cost in relation to the overall asset and a different useful life, the College is required to recognise the components separately and depreciate them over their own useful lives. The College has undertaken a review of its fixed assets in the current year and based on the information obtained from the review of the Buildings, the College has adopted a policy of componentising Building assets to present more relevant and reliable information in the financial statements relating to the depreciation of these assets over their expected useful lives. The College has only applied this policy change to Buildings with a de-minimis gross book value of £250,000. The three building components used are structure, finishing and mechanical and electrical equipment.

e) 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. Similarly, the change has had no effect on the deficit for the year since the decrease in the actuarial loss is mirrored by an increase in pension financing costs.

f) 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.

g) Change in the presentation of deferred capital grants

In prior years, the balance sheet presented deferred capital grants together with total reserves to arrive at total funds which were balanced against net assets. Under FRS102, deferred capital grants are presented in creditors, falling due within or after more than one year as appropriate, and are therefore included in total net assets which are balanced against total unrestricted reserves.