

The College of West Anglia

**Report and Financial Statements
for the year ended 31 July 2020**

CONTENTS

	Page number
Members' Report	1
Statement of Corporate Governance and Internal Control	9
Governing Body's statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding	17
Statement of Responsibilities of the Members of the Corporation	18
Independent Auditor's Report to the Corporation of The College of West Anglia	19
Reporting Accountant's Report on Regularity	22
Consolidated Statements of Comprehensive Income	24
Consolidated and College Statement of Changes in Reserves	25
Consolidated and College Balance Sheet	26
Consolidated Statement of Cash Flows	27
Notes to the Accounts	28

Reference and administrative details

Board of Governors

A full list of Governors is given on pages 10 to 12 of these financial statements.

Senior management team

David Pomfret	Principal and CEO; Accounting officer
Ruth Harrison	Vice Principal, Curriculum and Learning
Paul Harrison	Vice Principal, Corporate Services
Andrew Gedge	Assistant Principal Quality & Students

The Clerk to the Corporation is Stephen Halls.

Principal office

King's Lynn Campus
Tennyson Avenue
King's Lynn
Norfolk
PE30 2QW

Professional Advisers

Financial Statement Auditors:

KPMG LLP
Botanic House
100 Hills Road
Cambridge
CB2 1AR

Internal Auditors:

Scrutton Bland
Fitzroy House
Crown Street
Ipswich
IP1 3LG

Bankers:

Lloyds Bank plc
3 North Brink
Wisbech
PE13 1JT

Solicitors:

Birketts LLP
Kingfisher House
1 Gilders Way
Norwich
Norfolk
NR3 1UB

Members' Report

OBJECTIVES AND STRATEGY

The governing body presents its report and the audited financial statements for the year ended 31 July 2020.

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.

Mission, Vision, Strategy and Objectives

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

In July 2019 the Corporation approved the College's Strategic Plan covering the period 2019 - 2022. The College's strategic ambitions under this strategy were to:

- Deliver outstanding learner success
- Impact positively on local social and economic prosperity
- Develop a high-performance culture
- Ensure financial resilience

The three-year strategy is reviewed and updated each year and forms the basis for annual objective setting. The Corporation monitors the performance against these strategic objectives throughout the year via a comprehensive suite of strategic targets.

In April 2020, the College made significant changes in response to the coronavirus outbreak: apart from some children in the nursery and some provision to vulnerable students, most teaching was moved off-site and delivered through Teams or Zoom. Back office staff, apart from skeleton teams from Property Services and IT were also required to work from home. Unanticipated expenditure was incurred in supporting remote teaching and working.

During the initial lockdown period, the College took steps to make premises secure and ready to open safely for the 2020/21 academic year.

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

Financial

The Group has net liabilities of £12.4m (after accounting for a £33.9m pension liability). At the year-end, there was a cash balance of £6.3m. Long-term debt (excluding deferred government grants) is £1.7m all of which relates to a bank loan that is due to be repaid by 2023.

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

People

The College employs 678 people, of whom 475 are engaged in teaching and teaching support.

Student numbers

In 2019/20, the College delivered activity that generated £21.7m in funding body main allocations (2018/19 - £21.9m). The College enrolled approximately 7,000 students. The student population included 186 14-16 year olds, 2,551 16-18 year olds, 1,040 apprentices, 320 higher education students and 2,889 adult learners.

Members' Report *(continued)*

Reputation

The College works successfully in partnership with many local employers, the West Norfolk Partnership and local schools. The College also works with Anglia Ruskin University through UCWA to increase participation in higher education locally and across the New Anglia LEP and Cambridgeshire and Peterborough Combined Authority areas. Maintaining a quality brand is essential for the College's success in attracting students and enhancing and developing external relationships.

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

- Students and their parents
- Staff and their trades unions
- The ESFA, Department for Education and other Government departments and agencies
- The FE Commissioner
- Anglia Ruskin University (the College's higher education partner)
- Local employers
- New Anglia Local Enterprise Partnership and Cambridgeshire and Peterborough Combined Authority
- The local community including feeder schools, the Queen Elizabeth Hospital in King's Lynn, voluntary organisations and the local authorities that cover our geographical locations
- Other FE institutions
- A number of trade and professional bodies

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

Public benefit

The College of West Anglia is an exempt charity under Part 3 of the Charities Act 2011 and, following machinery of government changes introduced in July 2016, is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 10 to 12.

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard to the Charity Commission's guidance on public benefit and particularly to the 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. We aim to create public value through, amongst other things:

- Working with learners to develop their skills and personal confidence and raising their aspirations and employment opportunities
- 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

DEVELOPMENT AND PERFORMANCE

Financial results

The group generated a deficit before other gains and losses of £1.0m (2018/19 - deficit of £3.8m). The improvement in financial performance from the prior year was largely due to a reductions in staff costs (down by £1.7m) and other operating expenses (down by £1.6m).

The total comprehensive deficit in 2019/20 is stated after accounting for the disposal of land at Gaywood Fields in King's Lynn. This was sold in the year for £1.0m and the proceeds have been retained to support the College's cash position.

Members' Report *(continued)*

The land sale, together with a loss on the pension scheme balance (£7.0m), have resulted in a total comprehensive deficit for the year of £7.0m (2018/19 - £9.7m).

At the balance sheet date the group held net current assets of £1.4m and net liabilities of £12.4m, which includes a defined benefit pension liability of £34.0m.

The coronavirus outbreak has had an impact on the College's financial position and performance. Most significantly, commercial income in the year fell short of the target (£1.5m) by £0.1m as training hair and beauty salons and the College restaurant were closed and commercial training courses were cancelled. The College incurred additional expenditure in the year on PPE and other safety arrangements in preparation to reopen for the 2020/21 academic year. Savings on utilities and course materials offset some of these costs. A proportion of the capital spend in the year was on IT and other equipment to support remote working and learning.

Sources of income

The Group has significant reliance on education sector funding bodies as sources of funding. In 2019/20, the ESFA provided 80% of the Group's total income.

Group companies

The College has two subsidiary companies, CWA Developments Limited and CWA Enterprises Limited. The principal activities of CWA Developments Limited are to build and refurbish College property, whilst CWA Enterprises Limited carries out commercial training and related activities. Any distributable surpluses generated by the subsidiaries are transferred to the College under deeds of covenant. In the current year, CWA Developments Limited made a loss of £4,026 and CWA Enterprises Limited a loss of £31,229 after distributing gift aid to its patent of £286,229.

FUTURE PROSPECTS

Developments

The College has made significant investment in its facilities over recent years and the quality of the estate is now generally good. However, there are components of buildings and elements of IT infrastructure that require improvement and the College will apply ESFA capital funding in 2020/21 to address some of these issues.

The College continues to review and develop its curriculum offer. In 2019/20, a number of new courses were introduced including courses for young people who were not in education or employment and adult courses focussed on routes to learning and employment. As an example, one of the adult courses introduced in 2019/20 was "Dash to GCSE" – a short course for those needing to gain qualifications quickly. The College has also been preparing for the introduction of T-levels with delivery anticipated from September 2021.

Financial plan

The College operates in challenging financial circumstances. The numbers of 16 to 19 year-olds and young adults across most of the areas served by the College have been in decline over the last few years. Given that the majority of funding received by the College relates to further education student numbers through ESFA grants, these demographic pressures have placed pressure on the College's financial position. Funding from the ESFA and its predecessors has declined by 8% over the past five years from 2015/16 (£23.7m) to 2019/20 (£21.7m). The College has addressed this over the years by reducing costs and increasing other income streams. Key areas of focus for diversifying income have been higher education, apprenticeships and other commercial income. Investment in marketing has also helped to maintain market share in FE against competition from other providers. However, the demographic decline has eased and, together with cost controls, the College's financial performance has improved: management's self-assessment of Financial Health, based on the model developed by the ESFA, has improved from "Requires Improvement" in 2018/19 to "Good" in 2019/20.

Members' Report *(continued)*

The College has established a five-year Medium Term Financial Plan (MTFP). The MTFP has been an important tool in informing decision-making. The current version shows a continued improving trend notwithstanding uncertainties associated with Brexit and the coronavirus. Financial modelling over the period of the MTFP indicates that the College's cash position will remain positive (despite the required repayment, by 2023, of a £2.7m bank loan) and that the College will retain a minimum ESFA financial health rating of "Good" throughout the period.

Treasury policies and objectives

Treasury management is the management of the College's cash flows and its banking. It requires the effective management of the risks associated with these activities and the pursuit of optimum performance consistent with the College's risk appetite.

The College has a treasury management policy included in the Governance and Financial Management Regulations.

The Principal (who is the Accounting Officer) and the Vice Principal Corporate Services, 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.

Cash flows and liquidity

The College's net cash inflow from operating activities was £15m (2018/19 outflow of £0.05m).

The College has a loan from Lloyds Bank plc. The balance on the loan was £3.6m at the beginning of 2019/20 reducing to £2.7m by the end of the year. The loan is due to be repaid on 3rd July 2023.

Going concern

Members have paid attention to the financial pressures facing the College and the following mitigating factors:

- Development of a robust Medium-Term Financial Plan allied to investment in potential growth areas such as a proposed new School of Nursing
- Improving 16-19 year old demographics in the College's areas of operations
- The positive cash position of the College (£6.3m at 31 July 2020)
- The detailed assessment of Going Concern set out in note 1 to the accounts

Considering these factors in the round, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing these financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The College does not have a specific risk management forum but instead uses 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 monitoring actions to mitigate the risks arising is allocated to specific managers.

Members' Report *(continued)*

In addition to the bi-annual review, the College Leadership Team 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 can 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 are 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.

Maintaining financial health

Risks mitigated through the production and monitoring of:

- Annual budgets
- Five-year financial plans
- Cash flow forecasts
- Curriculum planning arrangements that establish and challenge commercial basis of provision
- Key financial performance metrics

Maintaining quality in teaching and learning

Risks mitigated through:

- investment in CPD for classroom-based staff
- Management oversight of teaching, learning and assessment
- Production of a Quality Improvement Plan
- Improvement Action Plans for areas of provision requiring rapid improvement
- Monitoring of performance metrics

Impact of coronavirus on College activities

Risks mitigated through:

- Application of government guidance on maintaining secure premises and provision
- Regular communications with staff
- Processes to identify and act on actual and suspected cases amongst students and staff

KEY PERFORMANCE INDICATORS

Financial targets

The College's financial targets for 2019/20 which were approved by the Corporation in July 2019 and updated in line with a reforecast budget in February 2020 are shown in the table overleaf:

Members' Report (continued)

Strategic target:	Outturn 2018/19	Outturn 2019/20	2019/20 target based on original budget	Achieved?	2019/20 target based on reforecast budget	Achieved?
Generate income in excess of:	£28.3m	£28.4m	£27.9m	✓	£26.9m	✓
Deliver an outturn in line with the budgeted deficit:	Deficit £2.279m	Surplus £1.531m*	Deficit £169k	✓	Surplus £509k	✓
Generate apprenticeship income of:	£3.386	£3.622	£3.0m	✓	£3.5m	✓
Meet or exceed our Adult Education Budget target of:	£2.838m	£2.965m	£2.814m	✓	£2.286m	✓
Achieve a 19+ loans target of:	£368k	£403k	£392k	✓	£420k	x
Achieve a commercial income target of:	£1.27m	£1.381m	£1.500m	x	£1.500m	x
Achieve Higher Education income of:	£1.910m	£1.867m	£1.795m	✓	£1.848m	✓
Maintain or better our ESFA Financial Health Rating of:	"Requires Improvement"	"Good"	"Good"	✓	"Requires Improvement"	✓
Improve on the budgeted figure for staff costs as a percentage of income:	68.9%	68.0%	71.6%	✓	65.0%	x
Achieve an average contribution from income centres of:	33.0%	39.6%	48.0%	x	55.0%	x
Maintain a positive cash balance throughout the year and a year-end cash balance of at least:	£4.9m	£6.3m	£4.1m	✓	£4.9m	✓

*The £1.531m surplus outturn is the 2019/20 management accounting result which excludes adjustments required by FRS102 (8) to account for pensions liabilities in arriving at the Total Comprehensive Loss for the year disclosed on page 24 as it is this target that is set and monitored against the management accounting position rather than the position reported in the financial statements. The table below shows a reconciliation of the two metrics:

	£'000
Management accounting surplus	1,531
Less: FRS102 (108) pensions adjustments	
Service cost - Norfolk scheme (note 23)	-968
Service cost - Cambridge scheme (note 23)	3
Finance charge - Norfolk scheme (note 9)	-546
Actuarial loss in respect of pension schemes (note 23)	-7,082
Total Comprehensive Loss for the year (page 24)	-7,062

College performance

The College of West Anglia was subject to an Ofsted inspection in January 2019. The judgement on the College's overall effectiveness was "Good". Key findings underpinning the improvement in the judgement included:

- Classroom-based students of all ages make good progress in functional skills qualifications in English and mathematics
- Managers and staff have developed an inclusive and supportive culture and, as a result, the College is a welcoming and friendly place to study
- Work experience and other non-qualification activities support students to prepare well for employment or further education; the vast majority of them progress to positive destinations

Members' Report *(continued)*

Equality

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.

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 have been 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 centres
- 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

Members' Report *(continued)*

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the college to publish information on facility time arrangements for trade union officials at the college:

Number of employees who were relevant union officials during the relevant period	FTE employee number
4	4

Percentage of time spent on facility time	Number of employees
0%	-
1-50%	1
51-99%	2
100%	1

Total cost of facility time	£8,812
Total pay bill	£17,343,670
Percentage of total bill spent on facility time	0.05%

Time spent on paid trade union activities as a percentage of total paid facility time	77.56%
---	--------

EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no issues to report here.

DISCLOSURE OF INFORMATION TO AUDITORS

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

Approved by order of the members of the Corporation on 9th December 2020 and signed on its behalf by:



S Cambridge
Chair

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2019 to 31st July 2020 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges (“the Code”) except in the matters outlined below; and
- iii. having due regard to the UK Corporate Governance Code 2016 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 and more recently, the Senior Post Holder Remuneration Code, published during 2018/19. 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 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 2020. 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 (revised May 2019), 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 10 to 12. 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 staffing 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 half 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 as needed, which currently includes the Chairs’ Meeting Group (from March 2019). The Corporation has set up strategic liaison committees with the Borough Council of King’s Lynn & West Norfolk and Fenland District Council to strengthen governor oversight of the College’s relationships with the Councils.

Statement of Corporate Governance and Internal Control *(continued)*

Full minutes of all meetings, except those deemed to be confidential by the Corporation, can be found on the College's web-site (www.cwa.ac.uk/about/governance) or are available 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 31/7/20
Chris Ashman	December 2017	4 years		Governor	CMG EPC PR&Q RC	80%
Jacob Burton	December 2020	4 years / Length of Study		Student Governor	n/a	n/a
Sharon Cambridge	July 2002 Re-appointed May 2018	4 years		Governor	CMG EPC (Chair) RC SCG (Chair)	100%
Andrew Cave	December 2001 Re-appointed December 2017	4 years		Governor	CMG EPC F&GP (Chair) RC (Chair) SCG	100%
David Clark	July 2019	4 years		Governor	Audit	100%
Samantha Fletcher	March 2017	4 years		Governor	CMG (Chair) PR&Q (Chair)	80%
Cristiana Germeno	December 2020	4 years / Length of Study		Student Governor	n/a	n/a

Statement of Corporate Governance and Internal Control *(continued)*

Rebecca Hamilton	July 2019	4 years		Governor	Audit	100%
Ray Harding	July 2019	4 years		Governor	F&GP	80%
Scott Leadley	December 2011 Re-appointed October 2019	4 years		Staff Governor	PR&Q	80%
Alan Measures	December 2017	4 years		Governor	F&GP	60%
Lucy Nethsingha	December 2017	4 years		Governor	Audit	50%
Mollie Pemberton	March 2019	4 years / Length of Study	July 2020	Student Governor	n/a	75%
Ruby Platt	December 2018	4 years / Length of Study	July 2020	Student Governor	n/a	20%
David Pomfret	July 2007	Term of Appointment		Principal/Chief Executive	CMG EPC F&GP PR&Q SCG	100%
Gill Rejzl	October 2019	4 years		Governor	Audit (Chair) CMG	75%
Jyoti Saita	May 2018	4 years	October 2019	Governor	Audit	0%
Lee Smith	October 2019	4 years		Governor	PR&Q	50%
Adam Thompsett	October 2017	4 years	September 2020	Staff Governor	F&GP	60%
Matthew Walsh	October 2018	4 years	December 2019	Governor	EPC RC	0%
Roderick Watkins	March 2016 Re-appointed March 2020	4 years		Governor	PR&Q	40%
Gary Webb	December 2010 Re-appointed October 2018	4 years		Governor	F&GP	80%

Statement of Corporate Governance and Internal Control *(continued)*

Remuneration Committee

Throughout the year ending 31 July 2020, the College's remuneration committee comprised four 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. The College has adopted the Code of Good Governance for English Colleges and, since October 2019, the Senior Post Holder Remuneration Code.

Details of remuneration for the year ended 31 July 2020 are set out in note 7 to the financial statements.

Audit Committee

The Audit Committee has a membership of six, comprising 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 has one vacancy as at 1 August 2020. 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 FE funding body 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.

Search and Governance Committee

The Search and Governance Committee has a membership of five members of the Corporation. The committee has one vacancy, as at 1 August 2020. The committee is responsible for the review of all aspects of governance and makes recommendations to the Corporation as required. This includes: the appointment and re-appointment of governors; review of committee structures and appointment of committee Chairs; the annual review of governor attendance, register of interests and the governance self-assessment process.

Details on becoming a governor are advertised on the College website <http://www.cwa.ac.uk/>. Applications are invited from anyone who has an interest in contributing to the development of the core strategic aims of the college and are committed to serving the local community, through ensuring the provision of a quality educational experience for all.

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 Education and Skills Funding Agency. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

Statement of Corporate Governance and Internal Control *(continued)*

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 2020 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 has 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 2020 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 ESFA's Post 16 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.

Responsibilities under Funding Agreements

The Governing Body has ensured the appropriate use of funds as detailed in the Regularity self- assessment questionnaire. The measures in place include over 200 ILR controls to ensure that the data loaded onto College systems are consistent with funding rules. The College also runs DSAT reports, written by the ESFA to identify anomalies in the ILR which are followed up and addressed. Class registers and timetables provide assurance that learners have undertaken funded activity. The College also commissions funding audits by external parties to ensure that funding rules are complied with. The last funding audit was carried out in 2018/19.

At no time has the Principal, who is the Accounting Officer considered it necessary to advise the Governing Body that any action or policy under its consideration was incompatible with conditions of funding. There have been no payments on termination of employment to the end of July 2020 or up until the time of approval of these financial statements. The Governing Body has monitored the submission of financial plans through timely approvals of the new Integrated Financial Model, budgets and forecasts as well ensuring regular monitoring of management accounts. The Report and Financial Statements have similarly been submitted to the funding agency on time and are widely available through the College website. The Governing Body has also ensured that the terms and conditions of specific funding streams such as capital grants have also been met.

Statement of Corporate Governance and Internal Control *(continued)*

Statement from the Audit Committee

The Audit Committee has advised the board of governors that the Corporation has an effective framework for governance and risk management in place. The Audit Committee believes the Corporation has effective internal controls in place.

The specific areas of work undertaken by the Audit Committee in 2019/20 and up to the date of the approval of the financial statements are:

- Sub-contracting controls audit - this report contained 1 adverse finding which was addressed by management;
- Financial Statements Audit July 2019 - this was recommended to the Corporation for approval;
- Funding Audit Report May 2019 - this delayed report was reviewed in March 2020 and then again in June 2020. All outstanding actions/recommendations were moved to the audit tracker to ensure continued monitoring;
- Key Financial Controls Audit - this audit comprised 2 areas of review:
 - Purchasing & Payments, where reasonable assurance was provided by the auditor. 2 medium recommendations were reported along with 4 low recommendations;
 - Income & Debtors, where significant assurance was provided by the auditor. 2 low recommendations were reported.
- Terms of Office for Members – the Committee reviewed new proposals and made a recommendation for Board approval.

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

During the year under review, there were no significant internal control weaknesses or failures.

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 2020 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2020 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2020.

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".

Statement of Corporate Governance and Internal Control *(continued)*

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 9th December 2020 and signed on its behalf by:



S Cambridge
Chair



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 Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the financial memorandum in place between the College and the ESFA. As part of our consideration we have had due regard to the requirements of the financial memorandum.

We confirm, on behalf of the Corporation, that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the College, or material non-compliance with the 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 ESFA.



S Cambridge
Chair
9th December 2020



D Pomfret
Accounting Officer
9th December 2020

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the College's Grant Funding Agreements and contracts with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the *2019 Statement of Recommended Practice – Accounting for Further and Higher Education* and with the *College Accounts Direction 2019 to 2020* issued by the ESFA, and which give a true and fair view of the state of affairs of the group and the parent College and the result for that year.

In preparing the group and parent College 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
- assess the group and parent College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent College or to cease operations, or have no realistic alternative but to do so.

The Corporation is also required to prepare a Members Report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the College.

The Corporation is responsible for keeping adequate accounting records which disclose with reasonable accuracy, at any time, the financial position of the parent 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 such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for taking steps that are reasonably open to it in order to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

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

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

Approved by order of the members of the Corporation on 9th December 2020 and signed on its behalf by:



S Cambridge

Chair

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

Opinion

We have audited the financial statements of The College of West Anglia (“the College”) for the year ended 31 July 2020 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and College Statement of Changes in Reserves, Consolidated and College Balance Sheet, Consolidated Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group’s and the College’s affairs as at 31 July 2020 and of the Group’s and the College’s income and expenditure, gains and losses and changes in reserves, and of the Group’s cash flows, for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2019 *Statement of Recommended Practice – Accounting for Further and Higher Education*.
- meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students (‘the OfS Accounts Direction’).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Corporation has prepared the financial statements on the going concern basis as it does not intend to liquidate the Group or the College or to cease their operations, and as it has concluded that the Group and the College’s financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Corporation’s conclusions, we considered the inherent risks to the Group’s business model, and analysed how those risks might affect the Group and College’s financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the College will continue in operation.

Other information

The Corporation is responsible for the other information, which comprises the Members’ Report and the Corporation’s statement of corporate governance and internal control, Governing Body’s statement on the College’s regularity, propriety and compliance with the Funding body terms and conditions of funding. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

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

(continued)

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Post-16 Audit Code of Practice 2019 to 2020 (July 2020) issued by the Education and Skills Funding Agency we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent College; or
- the parent College's 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.

We have nothing to report in these respects.

Corporation's responsibilities

As explained more fully in their statement set out on page 18, the Corporation is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the parent College or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We are required to report on the following matters by the OfS Accounts Direction.

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the articles of government and
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions.

Matter on which we are required to report by exception

We are also required by the OfS Accounts Direction to report to you where the results of our audit work indicate that the Group's and the College's grant and fee income, as disclosed in note 3 to the financial statements has been materially misstated.

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

(continued)

We have nothing to report in this respect.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Corporation, in accordance with of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation 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 College and the Corporation for our audit work, for this report, or for the opinions we have formed.

SBeavis

Stephanie Beavis

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Botanic House
100, Hills Road
Cambridge
CB2 1AR

15 December 2020

Reporting Accountant's Report on Regularity to the Corporation of College of West Anglia and the Secretary of State for Education acting through the Education and Skills Funding Agency (ESFA)

In accordance with the terms of our engagement letter dated 13th October 2017 and further to the requirements and conditions of funding in ESFA grant funding agreements and contracts, or those of any other public funder, 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 1 August 2019 to 31 July 2020 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 Post-16 Audit Code of Practice issued by the ESFA. 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 ESFA or devolved authority has other assurance arrangements in place.

This report is made solely to the corporation of The College of West Anglia and the ESFA 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 the ESFA 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 the ESFA 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 Post-16 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 2019 to 31 July 2020 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 Post-16 Audit Code of Practice issued by the ESFA. 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 Report on Regularity to the Corporation of College of West Anglia and the Secretary of State for Education acting through the Education and Skills Funding Agency (ESFA) (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 limited assurance conclusion on regularity consistent with the requirements of the Post-16 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 2019 to 31 July 2020 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, Reporting Accountant

Chartered Accountants

KPMG LLP

Botanic House

100, Hills Road

Cambridge

CB2 1AR

15 December 2020

Consolidated Statements of Comprehensive Income

	Notes	Year ended 31 July 2020		Year ended 31 July 2019	
		Group £'000	College £'000	Group £'000	College £'000
INCOME					
Funding body grants	2	21,711	21,711	21,937	21,937
Tuition fees and education contracts	3	3,023	2,715	2,946	2,645
Other grants and contracts	4	1,831	1,818	2,397	2,385
Other income	5	730	878	949	942
Endowment and investment income	6	18	18	20	20
Total income		27,313	27,140	28,249	27,929
EXPENDITURE					
Staff costs	7	18,299	18,299	20,017	20,017
Other operating expenses	8	7,179	6,938	8,717	8,403
Depreciation	11	2,248	2,216	2,725	2,680
Interest and other finance costs	9	641	641	635	635
Total expenditure		28,367	28,094	32,094	31,735
(Deficit)/surplus before other gains and losses		(1,054)	(954)	(3,845)	(3,806)
Gain/(loss) on disposal of fixed assets		1,074	1,002	85	81
(Deficit)/surplus before tax		20	48	(3,760)	(3,725)
Taxation	10	-	-	-	-
Surplus/(deficit) for the year		20	48	(3,760)	(3,725)
Actuarial (loss) / gain in respect of pension schemes	23	(7,082)	(7,082)	(5,945)	(5,945)
Total Comprehensive (Loss) / Gain for the year		(7,062)	(7,034)	(9,705)	(9,670)

All items of income and expenditure relate to continuing activities.

The notes on pages 28 to 54 form part of these financial statements.

Consolidated and College Statement of Changes in Reserves Year ended 31 July 2020

	General Reserve (including pension reserve) £'000	Revaluation Reserve £'000	Total £'000
Group			
Balance at 1st August 2018	2,210	2,027	4,237
(Deficit)/surplus from the income and expenditure statement	(3,760)	-	(3,760)
Other comprehensive loss	(5,945)	-	(5,945)
Transfers between revaluation and income and expenditure reserves	254	(254)	-
	(9,451)	(254)	(9,705)
Balance at 31st July 2019	(7,241)	1,773	(5,468)
Surplus/(deficit) from the income and expenditure statement	20	-	20
Other comprehensive loss	(7,082)	-	(7,082)
Transfers between revaluation and income and expenditure reserves	-	-	-
Total comprehensive gain for the year	(7,062)	-	(7,062)
Balance at 31st July 2020	(14,303)	1,773	(12,530)
College			
Balance at 1st August 2018	2,492	2,027	4,519
(Deficit)/surplus from the income and expenditure statement	(3,725)	-	(3,725)
Other comprehensive gain	(5,945)	-	(5,945)
Transfers between revaluation and income and expenditure reserves	254	(254)	-
	(9,416)	(254)	(9,670)
Balance at 31st July 2019	(6,924)	1,773	(5,151)
Surplus/(deficit) from the income and expenditure statement	48	-	48
Other comprehensive loss	(7,082)	-	(7,082)
Transfers between revaluation and income and expenditure reserves	-	-	-
Total comprehensive loss for the year	(7,034)	-	(7,034)
Balance at 31st July 2020	(13,958)	1,773	(12,185)

The notes on pages 28 to 54 form part of these financial statements.

Consolidated and College Balance Sheet as at 31 July 2020

	Notes	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Fixed assets					
Tangible fixed assets	11	43,835	43,736	45,781	45,644
Investments	12	-	3,344	-	3,344
		43,835	47,080	45,781	48,988
Current assets					
Trade and other receivables	13	834	805	1,188	1,171
Cash and cash equivalents	18	6,255	6,253	4,925	4,915
		7,089	7,058	6,113	6,086
Less: Creditors – amounts falling due within one year	14	(5,739)	(8,608)	(6,545)	(9,408)
Net current (liabilities) / assets		1,350	(1,550)	(432)	(3,322)
Total assets less current liabilities		45,185	45,530	45,349	45,666
Less: Creditors – amounts falling due after more than one year	15	(23,296)	(23,296)	(24,957)	(24,957)
Provisions					
Defined benefit obligations	17	(33,947)	(33,947)	(25,354)	(25,354)
Other provisions	17	(472)	(472)	(506)	(506)
Total net (liabilities) / assets		(12,530)	(12,185)	(5,468)	(5,151)
Unrestricted reserves					
Income and expenditure account		(14,303)	(13,958)	(7,241)	(6,924)
Revaluation reserve		1,773	1,773	1,773	1,773
Total unrestricted reserves		(12,530)	(12,185)	(5,468)	(5,151)

The financial statements on pages 24 to 54 were approved and authorised for issue by the Corporation on 9th December 2020 and were signed on its behalf on that date by:



S Cambridge
Chair



D Pomfret
Accounting Officer

The notes on pages 28 to 54 form part of these financial statements.

Consolidated Statement of Cash Flows Year ended 31 July

	Notes	2020 £'000	2019 £'000
Cash inflow from operating activities			
Surplus / (deficit) for the year		20	(3,760)
Adjustment for:			
Depreciation		2,248	2,725
Profit on disposal of tangible fixed assets		(1,074)	(85)
Deferred capital grants released to income		(760)	(755)
Decrease in debtors		354	877
(Decrease) in creditors		(876)	(889)
(decrease) / increase in provisions		(34)	265
Pensions costs less contributions payable		1,511	1,470
Adjustment for investing or financing activities:			
Investment income		(18)	(20)
Interest expense		95	119
Net cash flow from operating activities		1,466	(53)
Cash flows from investing activities			
Proceeds from sale of fixed assets		1,082	87
Deferred capital grants received		33	23
Investment income		18	20
Payments made to acquire fixed assets		(260)	(970)
		873	(840)
Cash Flows from financing activities			
Interest paid		(95)	(119)
Repayments of amounts borrowed		(914)	(911)
Capital element of finance lease payments		-	(74)
		(1,009)	(1,104)
(Decrease) / increase in cash and cash equivalents in the year		1,330	(1,997)
Cash and cash equivalents at beginning of the year	18	4,925	6,922
Cash and cash equivalents at end of the year	18	6,255	4,925

The notes on pages 28 to 54 form 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 2019 to 2020* 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.

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 102, 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 2020.

Going concern

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

The financial statements have been prepared on a going concern basis which the Corporation considers to be appropriate for the following reasons.

The Corporation has prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements. After reviewing these forecasts, the Corporation is of the opinion that, taking account of severe but plausible downsides, including the anticipated impact of the pandemic, the College will have sufficient funds to meet its liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

Cash flow forecasts are based on prudent baseline budgets which have been specifically flexed in relation to the pandemic as follows:

- A £700,000 or 19% reduction in Apprenticeship income expectations; and
- No allowance for pay rises beyond statutory Minimum Wage and National Living Wage increases.

The resulting budget projects a “Good” ESFA financial health rating (a measure of profitability, liquidity and gearing) for the forthcoming year.

Furthermore, the cash flow forecast has been subject to the following sensitivity analyses:

Notes (continued)

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

Going concern (continued)

- A 10% reduction in Adult Education Budget income;
- A further 10% or £300,000 reduction in Apprenticeship income;
- A 10% or £180,000 reduction in Higher Education income;
- A 50% or £220,000 reduction in Full Cost Provision income;
- A 10% or £726,000 increase in teaching staff costs;
- Additional support staff costs of £250,000;
- A 5% or £390,000 increase in non-pay costs; and
- A £300,000 overspend of capital budgets.

No one scenario results in an 'Inadequate' health rating. At an extreme, the 2020/21 budgeted deficit of £(169,000) would have to increase by some £2,400,000 before returning an 'Inadequate' financial health rating.

A further, worst case scenario involving a 6% reduction in operating income, a 6% increase in staffing costs and a 25% increase in other operating costs, equating to a £4,600,000 reduction in the budgeted operating surplus for 2020/21 has been modelled. Under this scenario, a cash outflow of some £4,000,000 is projected for the year to 31st July 2021 with cash flow remaining positive but with cash balances reducing to £1,900,000 at 31st March 2021 and £1,300,000 at 31st July 2021. Management is confident that routine and regular cash flow forecasting will equip it to take timely mitigating action including, but not limited to:

- Flexing the staffing cost base in year to the extent that delivery is supported by part time lecturer, overtime, casual and agency budgets;
- A recruitment freeze for all but mission critical posts;
- Support staff overtime bans;
- Flexing non-pay budgets for reduced student numbers; and
- Scaling the planned staff restructure exercises

As explained in note 16 the College has an outstanding bank loan of £2,692,000 at 31 July 2020, repayable by instalments falling due between 1st August 2020 and 31st July 2023 and secured by a letter of negative pledge. Covenants under the loan require the College to ensure that an accounting surplus is returned for at least 1 from 3 successive years and to contain total debt servicing costs (principal and income) within 7% of Total Consolidated Income. The sensitivity analyses carried out above indicate that the College is not at risk of breaching these conditions. In addition, management is confident that the scale of the College's current borrowings gives it sufficient headroom to seek further loan finance support at need should its projected cash position worsen beyond both its expectations and the capacity of running a short-term overdraft to finance its operations.

Consequently, the Corporation is confident that the College will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Financial liabilities and equity

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

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

Notes (continued)

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

Recognition of income

Revenue grant funding

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 Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the Consolidated Statements of Comprehensive Income. 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 Education and Skills Funding Agency. 16-18 learner-responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments.

Revenue grant funding (continued)

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 Education and Skills Funding Agency (see note 25).

Capital grant funding

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

Investment Income

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

Other income

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.

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.

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 Second Pension. Contributions to the TPS are charged as incurred.

Teachers' Pension Scheme

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.

Notes (continued)

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

Accounting for post-employment benefits (continued)

Local Government Pension Schemes

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 Consolidated Statements of Comprehensive Income.

Further details of the pension schemes are given in note 23.

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 College 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. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

Notes (continued)

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

Non-current Assets - Tangible fixed assets (continued)

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
- Asset 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 estimated 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:

- | | |
|--|---------------------|
| • Motor vehicles and general equipment | 5 years |
| • Other plant and equipment | 5 years 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 in the Statement of Comprehensive Income and Expenditure. 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 body 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.

Notes (continued)

Statement of accounting policies and estimation techniques (continued)

Foreign currency translation

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

Taxation

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

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

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.

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.

Judgements in applying accounting policies and key sources of estimation uncertainty

Judgements in applying accounting policies

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

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

Other key sources of estimation uncertainty

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

Notes *(continued)*

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

Judgements in applying accounting policies and key sources of estimation uncertainty *(continued)*

- The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 to value the pensions liability at 31 July 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes (continued)

2 Funding body grants

	Year ended 31 July		Year ended 31 July	
	2020	2020	2019	2019
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Education and Skills Funding Agency - adult	2,960	2,960	2,942	2,942
Education and Skills Funding Agency - 16-18	14,369	14,369	14,854	14,854
Education and Skills Funding Agency - apprenticeships	3,622	3,622	3,386	3,386
Specific Grants				
Releases of government capital grants	760	760	755	755
Total	21,711	21,711	21,937	21,937

3 Tuition fees and education contracts

	Year ended 31 July		Year ended 31 July	
	2020	2020	2019	2019
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Fees - full cost provision	326	18	391	90
Fees - other funded provision	311	311	261	261
Fees for FE loan supported courses	403	403	368	368
Total tuition fees	1,040	732	1,020	719
Education contracts	1,983	1,983	1,926	1,926
Total	3,023	2,715	2,946	2,645

4 Other grants and contracts

	Year ended 31 July		Year ended 31 July	
	2020	2020	2019	2019
	Group	College	Group	College
	£'000	£'000	£'000	£'000
European Commission	294	294	75	75
Other grants and contracts	1,537	1,524	2,322	2,310
Total	1,831	1,818	2,397	2,385

Notes (continued)

5 Other income

	Year ended 31 July		Year ended 31 July	
	2020	2020	2019	2019
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	86	86	134	134
Other income generating activities	89	89	138	104
Miscellaneous income	555	417	677	704
	<u>730</u>	<u>592</u>	<u>949</u>	<u>942</u>

6 Investment income

	Year ended 31 July		Year ended 31 July	
	2020	2020	2019	2019
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other interest receivable	<u>18</u>	<u>18</u>	<u>20</u>	<u>20</u>

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:

Notes (continued)

7 Staff costs – Group and College (continued)

	2020	2019
	No.	No.
Teaching staff	263	257
Teaching support staff	218	223
Non teaching staff	218	236
	<u>699</u>	<u>716</u>
Staff costs for the above persons	2020	2019
	£'000	£'000
Wages and salaries	13,150	14,534
Social security costs	1,016	1,072
Other pension costs	4,133	3,743
	<u>18,299</u>	<u>19,349</u>
Contractual restructuring costs	-	668
	<u>18,299</u>	<u>20,017</u>

The corporation does not have any salary sacrifice arrangements in place.

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 comprised: the Principal; the Vice Principal, Curriculum and Learning; and the Vice Principal, Corporate Services who are designated senior postholders appointed by the Corporation and, additionally, the Assistant Principal Quality & Students who is appointed by the Principal.

Emoluments of Key management personnel and the Accounting Officer

	2020	2019
	No.	No.
The number of key management personnel including the Accounting Officer was:	4	6
	<u>4</u>	<u>6</u>

The number of key management personnel whose annualised emoluments, excluding pension contributions and employer's national insurance but including benefits in kind, in the following ranges was:

Notes (continued)

7 Staff costs – Group and College (continued)

	2020	2019
	No.	No.
£60,001 to £65,000	-	1
£65,001 to £70,000	-	1
£70,001 to £75,000	1	1
£75,001 to £80,000	1	1
£80,001 to £85,000	1	1
£140,001 to £145,000	1	1
	<u>4</u>	<u>6</u>

No other member of staff received annual emoluments, excluding pension contributions but including benefits in kind, in excess of £60,000 p.a. (2018/19: nil).

Key management personnel compensation is made up as follows:

	2020	2019
	£'000	£'000
Basic salary	377	441
Performance related pay and bonus	-	-
Other benefits in kind	-	-
Pension contributions	67	76
	<u>444</u>	<u>517</u>

The above compensation includes amounts payable to the Principal and Chief Executive who is the accounting officer and who is also the highest paid member of staff. His pay and remuneration was as follows:

	2020	2019
	£'000	£'000
Basic salary	141	141
Performance related pay and bonus	-	-
Other benefits in kind	-	-
Pension contributions	14	23
	<u>155</u>	<u>164</u>

The governing body adopted Association of College's Senior Staff Remuneration Code in October 2019 and will assess pay in line with its principles in future.

Notes (continued)

7 Staff costs – Group and College (continued)

The remuneration package of designated senior post holders, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance. The salary of the Assistant Principal Quality & Students is informed by the Association of Colleges' survey of senior pay in the sector on appointment. Subsequent pay increases are subject to approval by the Corporation through the normal budget approval mechanisms.

A panel of Governors undertakes an annual review of the Principal and Chief Executive's performance against the college's overall objectives using both qualitative and quantitative measures of performance. The Principal and Chief Executive undertakes an annual review of the performance of the Vice Principal, Curriculum and Learning and the Vice Principal, Corporate Services with input from Governors followed by a further review by the Remuneration Committee. The Principal and Chief Executive undertakes an annual appraisal of the performance of the Assistant Principal Quality & Students.

Relationship of Principal and Chief Executive's pay and remuneration expressed as a multiple:

	2020	2019
	£'000	£'000
Principal and Chief Executive's basic salary as a multiple of the median of all staff (excluding Agency staff)	<u>7.06</u>	<u>7.49</u>
Principal and Chief Executive's total remuneration as a multiple of the median of all staff (excluding Agency staff)	<u>6.62</u>	<u>7.55</u>

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.

Notes (continued)

8 Other operating expenses

	Year ended 31 July		Year ended 31 July	
	2020	2020	2019	2019
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	2,543	2,307	3,765	3,469
Non teaching costs	3,043	2,996	3,085	3,072
Premises costs	1,483	1,525	1,867	1,862
Total	7,069	6,828	8,717	8,403
Other operating expenses include:		2020		2019
		£'000		£'000
Auditors' remuneration:				
Financial statements audit*		46		44
Internal audit**		9		41
Other services provided by the financial statements auditors		14		14
Hire of asset under operating leases		68		74

* includes £42,558 in respect of the College (2018/19 £39,000)

** includes £9,396 in respect of the College (2018/19 £40,259)

9 Interest and other finance costs – Group and College

	2020	2019
	£'000	£'000
On bank loans, overdrafts and other loans:	<u>95</u>	<u>119</u>
	95	119
On finance leases		-
Net interest on defined pension liability (note 23)	<u>546</u>	<u>516</u>
Total	<u>641</u>	<u>635</u>

Notes (continued)

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 2019	71,710	21,396	1,797	94,903
Additions	15	295	-	310
Disposals	(1)	(607)	-	(608)
Transfers	1,521	264	(1,785)	-
At 31 July 2020	73,245	21,348	12	94,605
Depreciation				
At 1 August 2019	28,999	20,123	-	49,122
Charge for the year	1,602	646	-	2,248
Elimination in respect of disposals	-	(600)	-	(600)
At 31 July 2020	30,601	20,169	-	50,770
Net book value at 31 July 2020	42,644	1,179	12	43,835
Net book value at 31 July 2019	42,711	1,273	1,797	45,781

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 2019	68,577	20,748	4,606	93,931
Additions	15	296	-	311
Disposals	(1)	(469)	-	(470)
Transfers	4,356	238	(4,594)	-
At 31 July 2020	72,947	20,813	12	93,772
Depreciation				
At 1 August 2019	28,793	19,494	-	48,287
Charge for the year	1,584	632	-	2,216
Elimination in respect of disposals	-	(467)	-	(467)
At 31 July 2020	30,377	19,659	-	50,036
Net book value at 31 July 2020	42,570	1,154	12	43,736
Net book value at 31 July 2019	39,784	1,254	4,606	45,644

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.

Land and buildings with a net book value of £1,773,000 (2018/19: £1,773,000) 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.

Notes (continued)

12 Investments

	College 2020 £'000	College 2019 £'000
Investments in subsidiary companies	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	Registered address	Description of shares held	Proportion of nominal values of issued shares held
CWA Enterprises Limited	England and Wales	Tennyson Avenue, King's Lynn, Norfolk, PE30 2QW	100 x ordinary £1 shares	100%
CWA Developments Limited	England and Wales	Tennyson Avenue, King's Lynn, Norfolk, PE30 2QW	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 of CWA Developments Limited, the design and build of new buildings for the College.

13 Trade and other receivables

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Amounts falling due within one year:				
Trade receivables	75	46	451	436
Other debtors	7	7	9	9
Prepayments and accrued income	499	499	463	437
Amounts owed by the ESFA	253	253	265	289
Total	834	805	1,188	1,171

Notes (continued)

14 Creditors: amounts falling due within one year

	Group	College	Group	College
	2020	2020	2019	2019
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	911	911	914	914
Payments received on account	301	301	285	285
Trade payables	334	327	591	579
Amounts owed to subsidiary undertakings	-	2,918	-	2,902
Corporation tax	-	-	-	-
Other taxation and social security	262	265	346	351
Accruals and deferred income	1,554	1,516	2,427	2,396
Deferred income - government capital grants	777	777	754	754
Deferred income - government revenue grants	886	886	696	696
Other creditors	714	707	532	531
Total	<u>5,739</u>	<u>8,608</u>	<u>6,545</u>	<u>9,408</u>

Accruals and deferred income includes £482,000 (2019: £470,000) in respect of accrued short-term employment benefits.

15 Creditors: amounts falling due after more than one year

	Group	College	Group	College
	2020	2020	2019	2019
	£'000	£'000	£'000	£'000
Bank loans	1,781	1,781	2,692	2,692
Deferred income - government capital grants	21,515	21,515	22,265	22,265
Total	<u>23,296</u>	<u>23,296</u>	<u>24,957</u>	<u>24,957</u>

Notes (continued)

16 Maturity of debt

(a) Bank loans and overdrafts – Group and College

Bank loans and overdrafts are repayable as follows:

	2020	2019
	£'000	£'000
In one year or less	911	914
Between one and two years	912	911
Between two and five years	869	1,781
In five years or more	-	-
Total	<u>2,692</u>	<u>3,606</u>

The bank loan bears interest at a fixed rate of 2.624% and is repayable by instalments falling due between 1st August 2020 and 31st July 2023.

Notes (continued)

16 Maturity of debt (continued)

(b) Other creditors – Group and College

	2020	2019
	£'000	£'000
In one year or less	2	2
Between two and five years	4	5
Total	<u><u>6</u></u>	<u><u>7</u></u>

Other creditors comprise loans to fund energy reduction initiatives. The loans are interest free and are repayable by instalments falling due between 1st August 2020 and 31st July 2024.

17 Provisions – Group and College

	Group and College			
	Defined Benefit Obligations	Onerous lease	Restructure	Total
	£'000	£'000	£'000	£'000
At 1 August 2019	25,354	206	300	25,860
Expenditure in the period	8,593	(32)	(2)	8,559
Additions				-
At 31 July 2020	<u><u>33,947</u></u>	<u><u>174</u></u>	<u><u>298</u></u>	<u><u>34,419</u></u>

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 restructure provision relates to the costs of a business restructure exercise planned for 2020/21.

Notes *(continued)*

18 Cash and cash equivalents

	At 1 August 2019 £'000	Cash flows £'000	At 1 August 2020 £'000
Cash and cash equivalents	<u>4,925</u>	<u>1,330</u>	<u>6,255</u>

19 Capital and other commitments

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Commitments contracted for at 31 July	<u>241</u>	<u>241</u>	<u>224</u>	<u>224</u>
Commitments authorised but not contracted for at 31 July	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

20 Lease obligations

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

	Group and College	
	2020 £'000	2019 £'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	96	130
Later than one year and not later than five years	373	410
later than five years	895	988
	<u>1,364</u>	<u>1,528</u>
Other		
Not later than one year	37	72
Later than one year and not later than five years	-	72
	<u>37</u>	<u>144</u>
Total lease payments due	<u>1,401</u>	<u>1,672</u>

Notes (continued)

21 Contingent liabilities

As explained in note 23, the College participates in the Cambridgeshire Isle College Local Government Pension scheme which has deferred members only and is closed to new members. Management understands that the College may be liable for any future funding deficit as measured at future triennial valuations, any liability being contingent on the ratio of assets to liabilities in the scheme falling below a level which the fund has yet to determine. The next triennial valuation will take effect from 31 March 2022. In view of the uncertainty, no financial provision has been made in these accounts. It is not considered practical to estimate the potential liability at this stage.

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.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of both the TPS and of the LGPS was as at 31 March 2019.

	2020		2019	
	£'000	£'000	£'000	£'000
Teachers' Pension Scheme: contributions paid		1,351		976
Local Government Pension Scheme:				
Contributions paid:				
Norfolk scheme	1,865		1,810	
Cambridgeshire schemes	3		3	
FRS 102 (28) charge:				
Norfolk scheme	968		957	
Cambridgeshire schemes	(3)		(3)	
		<u>2,833</u>		<u>2,767</u>
Charge to the Statement of Comprehensive Income		2,833		2,767
Enhanced pension charge to Statement of Comprehensive Income		-		-
		<u>4,184</u>		<u>3,743</u>
Total Pension Cost for Year within staff costs		4,184		3,743

Contributions amounting to £157,000 for the TPS and £162,000 for the LGPS were payable to the scheme at 31 July and are included in creditors (2019: £127,000 and £158,000).

Notes (continued)

23 Defined benefit obligations (continued)

Teachers' Pension Scheme

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 Public Service Pension Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

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

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

The valuation of the TPS is carried out in line with regulations made under the above 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2019. The valuation report was published by the Department for Education ("DfE") in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £1,351,000 (2018: £976,000).

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. 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 Cambridgeshire (ex CCAH) scheme and the Cambridgeshire (ex Isle College) scheme, (the "Cambridgeshire Schemes") are both closed to new members.

The total contribution to the Norfolk and Cambridgeshire schemes made in respect of the year ended 31 July 2020 was £2,222,000 (2019: £2,237,000) of which employer contributions totalled £1,865,000 (2019: £1,813,000), and employees' contributions totalled £357,000 (2019: £424,000). The employer's contribution rate is currently 22.2%. The College also pays an annual deficit recovery contribution which has been agreed until 31 March 2020. In the year to 31 July 2021 the College will pay a deficit contribution of £347,000. The contribution rate for employees is 5.5% to 12.5%.

Notes (continued)

23 Defined benefit obligations (continued)

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2020 by a qualified independent actuary.

	At 31 July 2020		At 31 July 2019	
	Norfolk scheme	Cambridgeshire schemes	Norfolk scheme	Cambridgeshire schemes
Rate of increase in salaries	2.80%	2.70%	2.70%	2.80%
Future pensions increases	2.10%	2.20%	2.40%	2.50%
Discount rate for scheme liabilities	1.40%	1.40%	2.10%	2.10%
Inflation assumption (CPI)	2.20%	2.20%	2.40%	2.40%
Commutation of pensions to lump sums (pre April 2008 service)	50.00%	25.00%	50.00%	25.00%
Commutation of pensions to lump sums (post April 2008 service)	75.00%	63.00%	75.00%	63.00%

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 2020		At 31 July 2019	
	Norfolk scheme years	Cambridgeshire schemes years	Norfolk scheme years	Cambridgeshire schemes years
<i>Retiring today</i>				
Males	21.70	22.00	21.10	21.50
Females	23.90	24.00	23.50	23.50
<i>Retiring in 20 years</i>				
Males	22.80	22.70	22.40	22.40
Females	25.50	25.50	25.00	24.90

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

	Long-term rate of return expected at 31 July 2020		Fair Value at 31 July 2020			Long-term rate of return expected at 31 July 2019		Fair Value at 31 July 2019		
	Norfolk scheme	Cambridgeshire schemes	Norfolk scheme	Cambridgeshire schemes	Total	Norfolk scheme	Cambridgeshire schemes	Norfolk scheme	Cambridgeshire schemes	Total
			£'000	£'000	£'000			£'000	£'000	£'000
Equities	1.60%	1.60%	25,308	3,167	28,475	2.40%	2.40%	25,195	3,488	28,683
Bonds	1.60%	1.60%	17,368	551	17,919	2.40%	2.40%	17,636	551	18,187
Property	1.60%	1.60%	5,459	689	6,147	2.40%	2.40%	5,543	505	6,048
Cash	1.60%	1.60%	1,489	184	1,672	2.40%	2.40%	2,015	46	2,061
Total market value of assets			49,624	4,590	54,214			50,389	4,590	54,979
Weighted average expected long term rate of return	1.60%	1.60%				2.40%	2.40%			
Actual return on plan assets			(1,191)		(1,191)			3,729	395	4,124

Notes (continued)

23 Defined benefit obligations (continued)

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

	2020			2019		
	Norfolk scheme £'000	Cambridgeshire schemes £'000	Total £'000	Norfolk scheme £'000	Cambridgeshire schemes £'000	Total £'000
Fair value of plan assets	49,624	4,210	53,834	50,389	4,590	54,979
Present value of plan liabilities	(82,503)	(5,278)	(87,781)	(75,178)	(5,155)	(80,333)
Net pensions (liability)/asset (Note 17)	(32,879)	(1,068)	(33,947)	(24,789)	(565)	(25,354)

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

Amounts included in staff costs

	2020			2019		
	Norfolk scheme £'000	Cambridgeshire schemes £'000	Total £'000	Norfolk scheme £'000	Cambridgeshire schemes £'000	Total £'000
Current service cost	2,925	-	2,925	2,634	-	2,634
Past service cost	(92)	-	(92)	139	-	139
Total	2,833	-	2,833	2,773	-	2,773

Amounts included in interest payable

	2020			2019		
	Norfolk scheme £'000	Cambridgeshire schemes £'000	Total £'000	Norfolk scheme £'000	Cambridgeshire schemes £'000	Total £'000
Pension finance cost	535	11	546	505	11	516

Amount recognised in Other Comprehensive Gains and Losses:

	2020			2019		
	Norfolk scheme £'000	Cambridgeshire schemes £'000	Total £'000	Norfolk scheme £'000	Cambridgeshire schemes £'000	Total £'000
Return on pension plan assets	(2,612)	(272)	(2,884)	1,837	116	1,953
Experience gains and losses arising on defined benefit obligations	-	-	-	-	-	0
Changes in assumptions underlying the present value of plan liabilities	(3,975)	(223)	(4,198)	(7,597)	(301)	(7,898)
Amount included in Other Comprehensive Gains and Losses	(6,587)	(495)	(7,082)	(5,760)	(185)	(5,945)

Notes (continued)

23 Defined benefit obligations (continued)

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

	2020			2019		
	Norfolk scheme £'000	Cambridgeshire schemes £'000	Total £'000	Norfolk scheme £'000	Cambridgeshire schemes £'000	Total £'000
Net defined benefit (liability)/asset at 1 August	(24,789)	(565)	(25,354)	(17,567)	(372)	(17,939)
Movement in year:						
Current service cost	(2,925)	-	(2,925)	(2,634)	-	(2,634)
Past service cost	92	-	92	(139)	-	(139)
Employer contributions	1,865	3	1,868	1,816	3	1,819
Net interest on the defined (liability)/asset	(535)	(11)	(546)	(505)	(11)	(516)
Actuarial gain or loss	(6,587)	(495)	(7,082)	(5,760)	(185)	(5,945)
Net defined benefit (liability)/asset at 31 July	(32,879)	(1,068)	(33,947)	(24,789)	(565)	(25,354)

Asset and Liability Reconciliation:

	2020			2019		
	Norfolk scheme £'000	Cambridgeshire schemes £'000	Total £'000	Norfolk scheme £'000	Cambridgeshire schemes £'000	Total £'000
Defined benefit obligations at start of period	75,178	5,155	80,333	63,875	4,935	68,810
Current Service cost	2,925	-	2,925	2,634	-	2,634
Interest cost	1,603	106	1,709	1,814	131	1,945
Contributions by Scheme participants	405	-	405	426	-	426
Experience gains and losses on defined benefit obligations						
Changes in financial assumptions	7,021	344	7,365	11,503	557	12,060
Changes in demographic assumptions	(354)	111	(243)	(3,906)	(256)	(4,162)
Other experience gains and losses	(2,692)	(232)	(2,924)	-	-	-
Estimated benefits paid	(1,491)	(206)	(1,697)	(1,307)	(212)	(1,519)
Past Service cost	(92)	-	(92)	139	-	139
Defined benefit obligations at end of period	82,503	5,278	87,781	75,178	5,155	80,333

Reconciliation of Assets

Fair value of plan assets at start of period	50,389	4,590	54,979	46,308	4,563	50,871
Interest on plan assets	1,068	95	1,163	1,309	120	1,429
Return on plan assets	(2,612)	(272)	(2,884)	1,837	116	1,953
Employer contributions	1,865	3	1,868	1,816	3	1,819
Contributions by Scheme participants	405	-	405	426	-	426
Estimated benefits paid	(1,491)	(206)	(1,697)	(1,307)	(212)	(1,519)
Assets at end of period	49,624	4,210	53,834	50,389	4,590	54,979

The College has updated its approach to setting RPI and CPI inflation in light of the RPI reform proposals published on the 4th September 2019 by the UK Chancellor and UK Statistics Authority.

The College continued to set RPI inflation in line with the market break-even expectations with no adjustments for an inflation risk premium, consistent with the prior year. For CPI, the College has proposed a long term gap between RPI and CPI of 90 basis points, compared to 100 basis points at the prior year end.

The estimated impact of the change in the methodology is approximately a £1,800k increase in the defined benefit obligation in respect of the LGPS scheme.

Notes *(continued)*

24 Related Party Transactions

Professor Roderick Watkins served as a governor during the year and is 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. Income from the joint venture amounted to £1,867,000 (2018/19: £1,826,000).

Alan Measures served as a governor during the year and is also a shareholder in Measures Farms Ltd which owns farmland at Sawtry over which the College of West Anglia has an interest in the form of a right to overage in the event of the development of the land for non-agricultural purposes accruing within 30 years of the sale of the land to Measures Farms Ltd in 1997.

Ruth Harrison served as Vice Principal, Curriculum and Learning and also served as director of University Centre West Anglia, a joint venture constituted to deliver higher education courses to College of West Anglia students. Income from the joint venture amounted to £1,867,000 (2018/19: £1,826,000).

The total expenses paid to or on behalf of the Governors during the year were £1,736; 4 governors (2018/19: £1,172; 4 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

Transactions and balances with the Education and Skills Funding Agency and HEFCE are detailed in notes 2, 3, 11, 13, 14, 15 and 25.

Notes *(continued)*

25 Amounts Disbursed as Agent

	2020	2019
	£'000	£'000
Access Funds		
Funding body grants - hardship support	740	598
Interest earned	<u>0</u>	<u>-</u>
	740	598
Disbursed to students	(604)	(463)
Administration costs	(30)	(23)
Balance unspent as at 31 July, included in creditors	<u>105</u>	<u>112</u>
	2019	2018
	£'000	£'000
Other Learner Support Funds		
Funding body grants – bursary support	<u>56</u>	<u>41</u>
	56	41
Disbursed to students	(54)	(37)
Administration costs	-	-
Balance unspent as at 31 July, included in creditors	<u>2</u>	<u>4</u>

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 students' behalf.