EAST NORFOLK
Sixth Form College

Report and financial statements
for the year ended 31 July 2017

CONTENTS

KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS and PROFESSIONAL ADVISERS

Key management personnel

Key management personnel are defined as the members of the College's Senior Manager Team and were represented by the following individuals at 31 July 2017:

Dr Catherine Richards, Principal and CEO, Accounting Officer

Joseph Santori, Vice Principal

Andy Cooper, Assistant Principal

The following individuals also served as key management personnel during the year:

Sue Brisbane, Curriculum Director

Debbie Brown, Curriculum Director

Caroline Niddrie-Webb, Director of Teaching and Learning

Board of Governors

A full list of Governors is given on page xii of these financial statements. Ms J McDonnell, the Governance Adviser, acted as Clerk to the Corporation throughout the period.

Professional Advisers

Financial statement and regularity auditors:
BDO LLP
Two Snowhill
Birmingham

Internal auditors:
Scrutton Bland
Fitzroy House
Crown Street
Ipswich

Bankers:
Lloyds Bank
1 – 2 King Street
Great Yarmouth

Nationwide Building Society
Kings Park Road
Moulton Park
Northampton

Solicitors:
Steeles Law
2 The Norwich Business Park
Whiting Road
Norwich

Report of the Governing Body

Nature, Objectives and Strategies
We, the members of the Corporation, present our report and the audited financial statements for the year ended 31 July 2017.

Legal status
The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting East Norfolk Sixth Form College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

Mission
The College's mission as approved by us is:

"Excellence and Care: The College is working for its Community":

Excellence	*The College will give all learners the best possible opportunities to achieve and fulfil their individual potential through high quality teaching, learning and assessment and a broad range of provision which offers choice and progression.*
Care	*The College will provide a supportive environment, which responds to individual needs and encourages respect.*
Community	*The College will serve our local and national community by responding and adapting to the needs of our learners and of our stakeholders.*

Delivery of Our Mission
The consequences of delivering our mission include: (a) continually reviewing our curriculum to ensure it meets the needs and interests of potential learners, (b) maintaining our enrolment access policy and providing a wide range of courses to allow new students to enrol on programmes which suit their abilities, interests and future aspirations, (c) employing staff and developing our procedures to support students with additional learning needs and (d) ensuring that the quality of teaching and learning is constantly under review to deliver strong value added.

We enrolled more students in 2016-17 than were included in our funding agreement and also enrolled additional high needs learners (HNLs) than were included in our funding agreement. We continued to enrol students for the 2017-18 academic year well into late September and hope to meet the expected number of students in the July 2017 financial plan. The ESFA increased our funded number of HNLs at the start of the year.

OFSTED, in their inspection report published in January 2017, determined that we were rated as "Good" for overall effectiveness and in all sub-categories. The report said that the College had "High standards of teaching, learning and assessment in the large majority of provision enable the large majority of students to make good progress from their starting points" and "Most students progress to positive destinations upon completion of their courses, including a high proportion taking up apprenticeships and courses at prestigious universities."

Our A Level achievement rate improved in 2017 to 98.5%, an increase of 0.7%. We continue to work towards achieving a grade of "Outstanding" at a future Ofsted inspection.

Public Benefit
East Norfolk Sixth Form College is an exempt charity under the Part 3 of the Charities Act 2011 and, following the Machinery of Government changes 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 page xii.

In setting and reviewing the College's strategic objectives, we have had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

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

- High-quality teaching
- Widening participation and supporting students with learning needs
- Excellent record for student progression to higher education and employment Strong student support systems
- Growing links with employers, industry and commerce.

Strategic Plan

We have approved a three-year strategic plan and regularly review the College's mission. Our strategic objectives are:

1. We will provide outstanding learning experiences for our students.
2. We will provide study programmes which offer choice and match students' abilities and aspirations.
3. We will support students and their parents/carers, where relevant, through the provision of information, advice, guidance and support pre and post enrolment.
4. We will lead, develop, support and invest in all members of the College community to ensure that each individual understands their role and that their contribution is recognised and valued.
5. We will foster high ethical and professional standards in our work and relationships which are built on the premise of mutual respect.
6. We will maintain a sound financial base to enable the provision of resources to support the delivery of high quality learning within a vibrant learning environment.
7. We will strive to make a positive impact within our community.

The College's achievement rate improved in 2016-17 to the highest level in at least six years. This was the result of improved retention which is an indication of placing students on the correct course at enrolment and supporting them during their time at the College. We continued to support our staff with professional development opportunities and a number of well-being initiatives during the year. The College delivered an operating surplus in the year and is predicting to deliver an operating surplus in 2017-18. We continue to review our curriculum offer to ensure that it meets the needs of the local community.

- Student numbers – Our student number funding target for the year was 1,634. We recruited more students than this in 2016-17. During the past year, we reviewed the curriculum offer and entry requirements. We also continued to review our marketing materials and presentations and are hopeful that we will meet the planned number of students included in the 2017-18 budget.
- Achievement rate – With an improved retention rate reflecting the success of the information and guidance we provide to students at enrolment and our on-going pastoral care, our success rate improved in 2016-17 surpassing our target for the year.
- HNLs and effectively supporting them – The number of high needs learners increased in 2016-17. The vast majority of these students were retained throughout the year and many progressed to employment or further education.
- Delivery of the Quality Improvement Plan – Each year, a Quality Improvement Plan is prepared by management which identifies actions to be taken to improve teaching and learning and the student experience. Progress against the actions in the Quality Improvement Plan is reported to us on a regular basis. The majority of the actions were undertaken during the year.

Report of the Governing Body (continued)

Financial objectives

Our overriding financial objective is to maintain a sound financial position to ensure we can continue to provide a high standard of education to learners with sufficient resources, including staffing, accommodation and equipment. This will be achieved by:

1. Delivering a balanced operating budget in each financial year, wherever possible.
2. Ensuring a sufficient balance of cash is maintained (a minimum of £500,000 at the end of the financial year) to provide flexibility for implementing actions in response to future funding challenges or unexpected developments.
3. Maintaining a financial health grade of at least satisfactory.

We met all of these objectives in 2016-17.

We will also strive to maintain the confidence of other organisations. To this end, we will:

1. Meet the deadlines established by the Education and Skills Funding Agency (EFSA) for the submission of financial and learner data returns.
2. Ensure we meet the conditions set by the bank for the loan financing provided.
3. Strive to ensure all suppliers are paid within the payment terms agreed with the College.

In 2016-17, we submitted our learner data returns on time and provided all requests for financial information before the deadline. We continue to meet the loan conditions set by the bank. Whilst we believe it to be very important to pay all of our suppliers on a timely basis, there will inevitably be occasions when this is not the case. This could be the result of a query about an invoice, an invoice not being received or simply being misfiled. No interest charges were levied against us in 2016-17 as a result of late payments.

The monthly management accounts allow members to monitor the delivery of the financial objectives including the meeting of the bank covenants.

Performance indicators

We agree targets for a range of key performance indicators including: student numbers, success rate, retention, achievement, attendance and overall financial results including financial health, cash flow and closing cash balance. We also regularly monitor performance against the covenants established by the bank as part of the loan agreement with the College.

We are committed to observing the importance of sector measures and indicators and use benchmarks to assess our performance, wherever possible. We are required to complete the annual Finance Record for the ESFA. The Finance Record produces a financial health grading. The current rating of "Good" is considered an acceptable outcome. The financial plan submitted to the ESFA in July 2017 anticipated our rating to be "Good" at the end of the 2016-17 financial year. The 2016-17 annual accounts will result in this rating being retained.

FINANCIAL POSITION

Financial Results

We generated a deficit for the year before the transfer of the revaluation reserve of £175,000 (2015-16 deficit of £61,000), with total comprehensive income of (£228,000) (2015-16 comprehensive expense of £535,000).

Our accumulated reserves are £1,615,000 and our cash balances are £1,075,000. The College would like to maintain reserves and cash balances in order to protect against unexpected future events.

The balance sheet shows net current liabilities at 31 July 2017 of £299,000 (2015-16 £383,000).

We have significant reliance on the ESFA as our principal funding source, largely from recurrent grants. In 2016-17, our 16-18 recurrent funding grant represented 89.0% of total income (2015-16 87.9%).

Additional Learning Support (ALS) Funding

The College's reputation for effectively supporting the needs of our learners continues to be recognised by students, parents and the local community. This is particularly true for those students with the

Report of the Governing Body (continued)

highest learning needs. The number of students with high learning needs for who we received additional funding increased by 7 to 44 in 2016-17. We employ a Learning Support Manager, Assistant SENDCO, Learning Support Co-ordinator, team of Learning Support Assistants (LSAs), Student Welfare Co-ordinator in addition to Student Mentors, Counsellors and a Nurse to support our students. Our ALS funding allocation from the ESFA (high needs student and disadvantage funding) for 16-18 students was £755,000 in 2016-17 (£684,000 in 2015-16).

Treasury policies and objectives

Treasury management is the management of our cash flows and banking transactions, the effective control of the risks associated with these activities and the pursuit of optimum performance consistent with those risks.

We have a separate treasury management policy in place which is included in our Financial Regulations.

Short term borrowing for temporary revenue purposes, were it to be necessary, would be authorised by the Principal, who is our Accounting Officer. Such arrangements are restricted by limits in the funding agreement previously agreed with the ESFA. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the funding agreement.

Cash Flows

We had a negative cash flow of £310,000 (2015-16 positive cash flow of £109,000). The College had a larger deficit from the income and expenditure, spent a higher amount on capital expenditure and had a lower amount of liabilities versus last year.

Liquidity

The level of borrowing and our approach to interest rates has been agreed to ensure a reasonable cushion between the total cost of servicing debt and operating cashflow. The financial position and compliance with the covenants set by the bank are regularly monitored.

Reserves Policy

We have no formal Reserves Policy but recognise the importance of reserves in the financial stability of any organisation, and ensure that there are adequate reserves to support the College's core activities. As at the balance sheet date, the Income and Expenditure reserve stands at £1,615,000 (2015-16 £1,309,000). We believe that we should utilise the funding we receive for the benefit of our students and do not have any plans to increase reserves unless this is to support future capital investment. One of our bank loan covenants is to maintain reserves of at least £1 million (excluding FRS 102 adjustments).

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Financial Health

Following a consideration of our financial health ratios, we believe that a score of "Good" in 2016-17 to be appropriate. Given the loans we required to improve student accommodation, this is considered to be acceptable. The monthly management accounts include a calculation of financial health and other information to enable Governors and management to regularly monitor the College's performance.

Student Numbers

Student numbers in 2016-17 increased versus the previous year. The number of ESFA funded students reported in the Individualised Learner Record (ILR) was 1,640. We are continuing to develop our marketing strategy in the face of increasing local competition.

Student Achievements

Our overall College achievement rate has improved in successive years reaching 98.5% in 2016-17. This achievement is even more impressive in the context of our admission criteria for incoming students being lower than that of many other educational establishments.

Ofsted

Ofsted issued its inspection report of the College in January 2017. Their conclusion was that the College was Good in all areas assessed.

Report of the Governing Body (continued)

Curriculum Developments
We take pride in the fact that the breadth of our curriculum offer ensures we can provide a wide range of study programmes for students based on their ability, interests and future aspirations. This includes extensive work to increase student employability skills including work placements, industry specific visits and professional mentoring.

Events After the End of the Reporting Period
There are no significant post-balance sheet events to report. As noted below, the College has submitted an application to become an academy. The application has received approval in principle, however, final approval, if received, and conversion to academy status is unlikely to take place until March 2018 at the earliest.

FUTURE PROSPECTS
Our catchment area includes a wide area of eastern Norfolk and northern Suffolk. The area has a variable demographic of 16 – 18 year olds over the next few years and increasing competition. The 2 Further Education colleges located within 8 miles of the College merged in the summer of 2017. A local Sixth Form College which is located within 8 miles of the College is expected to merge with the new FE College in 2017-18. The other local Sixth Form College located approximately 27 miles away is expected to merge with City College Norwich in 2017-18. New sixth forms have been established in the past few years in Norwich and northern Suffolk. A new high school opened in September 2016 with plans to have a sixth form in five years. A high school in Suffolk has submitted plans to open a sixth form in 2018. We have carefully reviewed our curriculum offer, marketing materials and presentations to prospective students to ensure we meet our future funding targets. Enrolment figures in 2017 indicate that this has been successful. We therefore feel that we have sufficient plans in place to lower the demographic and competition risks noted.

We continually review our future operations and financial projections to ensure we can meet the needs of our students and staff and pay our creditors promptly. We will be able to continue in operation and meet our liabilities taking account of our current position and the principal risks we face for at least the next few years.

A review of post-16 education delivered in sixth form colleges and further education colleges in Norfolk and Suffolk was concluded in March 2017. The conclusion of the area review was that the College was able to remain as a stand-alone entity and could explore academisation. A public consultation was launched in July 2017 and an application to become an academy has been submitted to the ESFA. The final decision about our application is not expected to be received until March at the earliest. We hope we will be successful and look forward to continuing to work with local schools and colleges to help improve the standard of education in Norfolk and Suffolk.

RESOURCES

Financial
The College has £2.0 million of net assets (including a pension liability of £2.1 million) and long term debt of £2.1 million.

People
The College employs 138 staff (expressed as full time equivalents), of whom 70 are teaching staff.

Reputation
The College has a good reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and building external relationships.

PRINCIPAL RISKS AND UNCERTAINTIES
We continue to develop our system of internal control, including financial, operational and risk management, which is designed to protect our assets and reputation.

The members of the senior management team undertake a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the operation of the College. Internal controls are then implemented with an appraisal conducted in the subsequent year to assess their effectiveness and progress made against risk mitigation strategies. In addition to the preparation of an annual review, there is also the consideration of any risks which may arise as a result of a new area of work being undertaken by the College. The effectiveness of our internal control and risk management systems is evaluated by the internal auditors and their findings are reported to the Audit Committee.

A risk register is maintained at College level and is reviewed annually by the Audit Committee. The risk register identifies the key strategic risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce or mitigate these risks. Risks are prioritised using a consistent scoring system.

The principal risks we face are outlined below. These risks are monitored on an on-going basis. Not all of the factors are within our control. There are other factors besides those listed below that may adversely affect the College operations.

1. Increased Competition Locally / Demographic Changes

Prospective students can choose from an increasing number of post-16 establishments in the area. Although competition can be good for maintaining choice and quality, there is also a risk of it leading to an uneconomic duplication of provision in some subject areas.

Other local providers have increased their efforts to recruit additional students over the past few years. Although we do not believe that there will be a significant decrease in our numbers as a result of this increased competition, we cannot afford to be complacent.

This risk is lowered to a satisfactory level by:

- Monitoring local demographics and how they will impact future student numbers. We also consider the implications of future recruitment on accommodation and staffing needs. To ensure that student numbers are as high as possible, we review our curriculum offer and consider the introduction of new courses which will appeal to current and prospective students.
- Ensuring we are offering courses that suit the abilities, interests and future aspirations of prospective students.
- A continuing review of our marketing strategy and how we communicate with students who might attend the College and their parents.
- Maintaining dialogue with our local partner high schools about how we can best tailor our curriculum offer to meet the need of their pupils and having effective transition arrangements in place.

2. Students Pursuing Other Options

It is important to support our students from enrolment until the end of their learning programme. Some students will not wish to continue their education into higher education and could seek other options, such as apprenticeships or employment, before completing their studies with us. We maintain regular dialogue with students to support them in their studies and to understand their future aspirations. We have introduced a new Work-Related Learning team to assist students in obtaining relevant work experience to complement their studies by making connections with local organisations and employers.

3. Government funding

Like most sixth form colleges, we are extremely reliant on sufficient levels of government funding provided by the ESFA. There are continuing concerns about having sufficient funding to deliver the curriculum effectively. This is exacerbated by the base level of funding, which has not kept pace with inflation for a number of years, lower funding for 18 year-olds (who represented 11.7% of funded numbers in 2016-17), the withdrawal of transitional funding protection in 2016-17 and higher employment costs.

This risk is lowered to a satisfactory level in a number of ways:

- Being members of organisations that represent sector colleges (the Sixth Form Colleges' Association and Association of Colleges in the Eastern Region).

Report of the Governing Body (continued)

- Constantly reviewing the curriculum offer including non-curricular activities like sports, work experience and volunteering opportunities.
- Striving to recruit sufficient numbers of students and enrolling them on courses that are best suited to their abilities and interests.
- Carefully reviewing the financial plan which demonstrates the financial consequences of delivering the strategic plan on an annual basis.

STAKEHOLDER RELATIONSHIPS

Like all colleges in the sector, we have many stakeholders. They include:

- Students
- Staff
- Trade Unions
- Parents and Carers
- Sixth Form Commissioner
- Employers and Local Business Organisations
- Local Enterprise Partnership (LEP)
- Community and Voluntary Organisations
- Funding Agencies
- Local Authorities
- Partner Schools and Local Colleges
- Universities

We recognise the importance of these relationships and engage in regular communication with them through meetings and our website.

Equal Opportunities

The College's core values are Excellence, Care, Diversity and Integrity. We promote equality of opportunity and an awareness and appreciation of diversity for all members of our community. We oppose all forms of unlawful and unfair treatment of groups and individuals and promote and respect the personal dignity and human rights of every individual coming into contact or association with the College.

All staff are treated fairly and equally. Selection for employment, promotion, training or any other benefit is on the basis of aptitude, ability and qualifications. All employees are helped and encouraged to develop their full potential and the talents and resources of the workforce are fully utilised to maximise the efficiency of the organisation.

All students are treated fairly and in accordance with their assessed needs. We seek to enhance the self-esteem of all we serve and provide an environment in which each individual is encouraged and supported to fulfil their potential.

Our commitment to equality of regard and opportunity is a fundamental principle that pervades all of our activities. Updating, creation of new employment policies and the fair and consistent application of existing policies is monitored by the Senior Management Team, HR team and the Joint Association Forum. All members of the College community are expected to uphold the College's Equality and Diversity policy and the EN core values and ensure their actions embody the commitments and requirements of the Equality Act 2010. All relevant policy documents are made available to new staff are accessible to all on SharePoint. Students learn about them in the tutorial programme and through posters around the College.

Disability Statement

We seek to achieve the objectives set down in the Equality Act 2010 and the Children and Families Act 2013 and the revised Special Educational Needs Code of Practice 2015.

a. all student accommodation is on ground floor level or is accessible via lifts.

Report of the Governing Body (continued)

b. support is available for students who are assessed as needing help in literacy, language, numeracy and IT to allow them to make progress on their overall course of study by these best endeavours:

   Basic Skills screening at enrolment is conducted to identify levels of numeracy, literacy and language for appropriate curriculum choices at level 1 or 2 in a small class with a Learning Support Assistant

   Out of class specialist support is provided on a 1:1 basis for Level 2 and Level 3 learners with Special Educational Needs, Disabilities or Medical Health Needs. For example, we can support students with Specific Learning Difficulties, Social, Emotional and Mental Health Needs or Autistic Spectrum Disorder amongst a range of barriers to learning.

   Specialist assessment for exam access arrangements or screening for Specific Learning Difficulties is undertaken.

   Among the curriculum modifications we can make include placing students on lighter timetables with fewer subjects to study (two subjects and study programmes to develop social and emotional skills), allowing them to share classes with friends for buddy support, assigning them specific teachers, participating in study programmes designed for supporting students with social, emotional and mental health needs or designing their learning programme across 2 levels of study.

c. we employ an Additional Learning Support Manager, Assistant SENDCO, Learning Support Assistant Supervisor, Learning Support Assistants, College Nurse, Student Mentors and a Student Welfare Coordinator to help students with their additional physical, learning and welfare needs.

d. assistive technology and specialist equipment can be made available for use by students.

e. the admissions policy for all students is available on request; appeals against a decision not to offer a place are dealt with under the complaints policy.

g. we provide counselling and welfare services.

h. best endeavours are made for learners with disabilities, where practical.

i. in discussion with appropriate organisations such as the Local Authorities and ESFA, funding is obtained to support learners with complex disabilities as noted above.

j. we ensure there is an effective transition to post-16 education by identifying learners with difficulties and / or disabilities from year 10 (and from year 9 where this is identified by the school or Local Authority).

k. exam access arrangements and arrangements for course based studies incorporate personalised adjustments for learners with difficulties and disabilities (e.g. additional time, use of laptop, coloured overlays, scribes, rest breaks, separate rooms, prompters, etc.).

l. we encourage strong participation of learners with difficulties and / or disabilities in their own teaching, learning and assessment. For example, we invite students with high needs and their parents / carers to attend focus groups in May and June to provide feedback on the SEN Report and Local Offer Annual Report.

m. we endeavour to provide co-operative communication within College between teaching and learning support staff and out of College between families and other agencies supporting learners with difficulties and / or disabilities for health, care, financial, residential and education purposes.

n. we constantly review our provision in order to provide an adaptive curriculum that extends or modifies studies for learners with difficulties and / or disabilities via a SEN Report and Local Offer which is accessible on our website.

o. parent/carer relationships are important for student academic attainment, attendance and their wellbeing so we promote and encourage early engagement for an effective transition to College and assign a Learning Support Assistant or Mentor experienced in the student's particular learning need.

Report of the Governing Body (continued)

p. if a student requires medical, social or personal care to complete their studies, then we will engage with the student, parent/carer and other professionals to provide a curriculum and support plan that will meet those needs. Funding will come from the Local Authority either via the student and their parent/carer or directly from established local and national government sources.

q. we endeavour to identify and meet the needs of learners with eventual independence for successful university completion or employment with case studies included on our website.

r. we will identify alternative education and work-related routes for students with disabilities, providing adequate funding is available to support this.

s. we will work closely with other educational providers, social and health providers for integrated assessment of need, preparation for College exit and complementary curriculum support for students with high and complex needs as required.

t. publishing a SEN Report and Local Offer of our provision for Special Educational Needs, Disabilities or Medical Health Needs on our website. This is co-produced annually with students and their parent/carers alongside a provision map.

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 5 December 2017 and signed on its behalf by:

Lorna Anderson
Chair of Governors

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 1 August 2016 to 31 July 2017 and up to the date of approval of the annual report and financial statements.

We endeavour to conduct our business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and having due regard to the UK Corporate Governance Code 2016 insofar as it is applicable to the further education sector.

We recognise that, as a body entrusted with both public and private funds, we have a particular duty to observe the highest standards of corporate governance at all times. 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.

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

Statement of Corporate Governance and Internal Control (continued)

The Corporation

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

Name	Month of Appointment	Term (years)	Month of Resignation	Status	Committees	2017-18 Attendance Board, Committees
Mrs L Anderson, *Chair*	Nov 2016	4		Independent	C/Q*, E/R, S/G	8/9, 9/11
Dr W Notcutt, *Vice Chair*	Sep 2015	4		Independent	E/R*, S/G*, Spe*	7/9, 4/5
Mrs H Canham	Oct 2014	4		Independent	A *	9/9, 4/4
Mr J Clare	Oct 2014	4		Independent	Spe, A	6/9, 4/4
Mr J Dack	May 2017	2		Staff		4/4, n/a
Mr C Denny	Mar 2016	4		Independent	F	6/9, 5/6
Mr J Dexter	Jul 2016	1	Jan 2017	Student		2/2, n/a
Mr P Dixon	Dec 2016	2		Parent	A	7/8, 2/3
Ms D Dyer	May 2017	2		Staff	C/Q	7/9, 5/6
Mr M Hodds	Jan 2015	2	Mar 2017	Staff		3/5, n/a
Ms K Holden	Jul 2016	1	Jul 2017	Student		3/6, n/a
Ms S Knights	Sep 2014	4		Independent	C/Q	5/9, 4/6
Mr N Loveday	Mar 2015	4		Independent	F	3/9, 4/6
Mr D Marsh	May 2014	4		Independent	E/R, F*	7/9, 8/8
Ms M Marsh	May 2017	4		Independent	A	5/9, 4/4
Mr B McGrellis	Sep 2016	2		Parent	C&Q	7/8, 5/5
Mr B Miller	Sep 2017	1		Student		2/2, n/a
Dr C Richards	Aug 2015	-		Principal	C/Q, E/R, F, S/G	9/9, 17/17
Mrs L Smith	Sep 2015	4		Independent	C/Q, S/G, Spe	6/9, 9/9
Ms M Strong	May 2017	4		Independent	C&Q	2/4, 2/3
Mr I Tooley	Oct 2014	4		Independent	F	9/9, 5/6
Mr J Zuniga	Sep 2017	1		Student		2/2, n/a

Joanne McDonnell is the Governance Adviser and Clerk to the Governors

* denotes Chair of Committee

Committees

A – Audit; **C / Q** – Curriculum and Quality; **E/R** - Employment and Remuneration; **F** – Finance; **S / G** – Search and Governance; **Spe** – Special

Statement of Corporate Governance and Internal Control (continued)

It is our responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

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

There were 7 scheduled Board meetings held during the 2016-17 financial year and no special meetings.

We conduct our business through a number of committees. The terms of reference of all of these committees have been reviewed and updated during the year.

Our committees are: Audit, Curriculum and Quality, Employment and Remuneration, Finance, Search and Governance and Special. All Committees operate in accordance with written terms of reference approved by us. Full minutes of all meetings, except those deemed to be confidential, are available on the College's website or from the Governance Adviser at:

East Norfolk Sixth Form College, Church Lane, Gorleston NR31 7BQ

The Governance Adviser maintains a register of financial and personal interests of Governors. The register is available for inspection at the above address.

We are able to take independent professional advice in furtherance of our duties at the College's expense and have access to the Governance Adviser, who is responsible to us for ensuring that we comply with all applicable procedures and regulations. The Governance Adviser undertakes regular training and has access to advice from Eversheds as part of the College's governance service subscription. She is also an active member of the Clerk's network (JISCMAIL) and attends meetings with other local clerks, including those organised by the Association of Colleges in the Eastern Region (ACER). The appointment, evaluation and removal of the Governance Adviser are matters for us as a whole.

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

We have a strong and independent non-executive element and no individual or group dominates our decision-making process. Attendance at meetings is monitored and procedures are in place to address any issues. We consider that each of our non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

We are encouraged to participate in regular training. Specific training is organised for those of us who identify training needs. For instance, there was induction training for newly appointed Governors. We also engage in training at the start of each meeting of the Board of Governors where there is a briefing, generally delivered by staff members, on various issues relating to College operations or new or updated legislation.

There is a clear division of responsibility in that the roles of the Chair and Principal are separate.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. We have a Search and Governance Committee which is comprised of the Chair, Vice Chair, Principal and other non-Executive members of the Corporation. Members of the Corporation are appointed for a term of office not exceeding four years. Upon expiration of their term, a member can apply to be re-appointed. There is no limit to the number of repeat terms of office that may be served; however, re-appointments are subject to the review and recommendation of the Search and Governance Committee and the approval of the Corporation.

Corporation performance

The performance of the Board is evaluated in a number of ways.

Statement of Corporate Governance and Internal Control (continued)

External Assessments
Firstly, an external validation of governance was conducted by Ofsted inspectors in October and November 2016. They concluded that

> "*Governance arrangements are good. Well-trained and knowledgeable governors use their skills well to ensure that the college meets the needs of students, parents and the employment demands of the area. Governors have a good understanding of their college and the performance of all subject areas. They challenge leaders robustly on the accurate information they receive. Governors have been successful in ensuring financial and organisational stability during a period of significant change within the senior team and uncertainty surrounding possible mergers.*"

A second external validation of governance results from the Area Review Wave 5 that was conducted throughout 2016-17 and involved EN and a number of other local colleges. The resulting recommendation from this intensive exercise recognised that leadership within the institution was sufficiently strong and robust that the college could and should continue as an independent institution i.e. that EN "should explore academisation or remain as a stand-alone sixth form college".

Internal Assessments
In terms of internal self-assessment conducted for 2016-17, the Governance Adviser submitted reports to Committees in summer 2017 encompassing a thorough assessment of Committee performance assessed against the DfE's "Competency Framework for Governance". Agreed outcomes and areas for improvement / resulting actions formed the basis of the Quality Improvement Plan for Governance 2017-18. The document featured as part of the Governance Adviser's annual appraisal, and is monitored by the Search and Governance Committee. Discussions surrounding self-assessment were routinely recorded in meeting minutes (which are submitted to the Board) and featured in the annual governance report considered by the Board in July 2017.

Attendance of Governors at meetings, which can be used as a key performance indicator, is routinely monitored and the details are a matter of public record. The regular and rigorous review of the College's financial performance, as monitored and approved by the Board via the Financial Plan, also acts as a useful assessment of Board performance. Monthly management accounts, which are routinely reviewed by the Board of Governors, are allocated a financial health score using the same criteria as the College's annual financial performance. For the Plan submitted to the EFA in July 2016, the score was externally verified by the EFA who confirmed that the College's financial health was "Good".

Search and Governance Committee
The Committee met on 2 occasions. The Committee is responsible for the selection and nomination of any new member for our consideration excepting those nominated and elected by peers (student, staff and parent governors) and for ensuring that appropriate training is provided, as required, and a mentoring scheme is also in place for new members.

The Committee also looks at governance issues and makes recommendations to us if it feels that changes are necessary.

Employment and Remuneration Committee
The Committee met on 2 occasions. Its responsibilities are to make recommendations to us on the remuneration and benefits of the Principal, other senior post-holders and the Governance Adviser. The Committee bases its recommendations on independent research data provided by the Sixth Form Colleges' Association and the advice of other industry representatives as considered appropriate. Account is taken of the breadth of responsibilities, period in post and any changes in salary levels to compensate for inflation. The Committee is also responsible for ensuring we fulfil our role for setting the framework for the pay and conditions of service for all other staff. The Committee members are non-Executive Governors and the Principal as noted on page xi. Meeting procedures ensure that neither the Principal nor the Governance Adviser take part in discussions or decisions relating to their own remuneration.

Statement of Corporate Governance and Internal Control (continued)

Details of remuneration of the senior post-holders for the year ended 31 July 2017 are set out in note 7 to the financial statements.

Audit Committee
The Audit Committee met on 3 occasions and provides a forum for reporting by our internal, regularity and financial statements 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 bodies as they affect the College's business.

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

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

The Audit Committee also advises us on the appointment of internal, regularity and financial statements auditors and their remuneration for both audit and non-audit work.

Finance Committee
The Finance Committee met on 5 occasions (4 scheduled meetings and 1 special meeting in August 2017) and monitors the financial health of the College, reviews the financial plan including the annual budget, monthly management accounts, compliance with bank loan covenants, the financial impact of proposed building projects, benchmarking data and our financial regulations. The Committee also scrutinises our capital expenditure plans.

Curriculum and Quality Committee
The Curriculum and Quality Committee met on 4 occasions and ensures we meet our responsibility for the determination and periodic review of the educational character and mission of the College. It provides recommendations to us on matters of oversight including the consideration of exam results and other performance measures and monitors the operation of the College through the review of the annual Self-Assessment Report. The Committee will also review the results of Ofsted Inspections and monitor the development and implementation of post-Inspection action plans.

Internal control

Scope of responsibility
We are ultimately responsible for the 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.

We have 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 our policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the funding agreement / Financial Memorandum between East Norfolk Sixth Form College and the funding bodies. She is also responsible for reporting to us any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control
The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of our 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 East Norfolk Sixth Form College for the year ended 31 July 2016 and up to the date of approval of the annual report and accounts.

Statement of Corporate Governance and Internal Control (continued)

Capacity to handle risk
We have 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. We are of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2017 and up to the date of approval of the annual report and accounts. We regularly review this process.

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

- an annual budget and mid-year forecast approved by us
- regular reviews of the monthly accounts including variances with budget and forecast
- procedures for the Finance Committee to review budgets and financial forecasts and recommend them to us for approval
- an approved set of financial regulations
- regular reports about significant capital projects
- agreed financial and non-financial targets to measure performance.

East Norfolk Sixth Form College has an internal audit service, which has continued to operate in accordance with the requirements of the EFA's and SFA's *Joint Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by us on the recommendation of the Audit Committee. At a minimum annually, the Head of Internal Audit (HIA) provides us with a report on internal audit activity. The report includes the HIA's independent opinion on the adequacy and effectiveness of the system of risk management, controls and governance processes.

Review of effectiveness
As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. Her review of the effectiveness of the system of internal control is informed by the work of the internal auditors, the work of the executive manager within the College who has responsibility for the development and maintenance of the internal control framework and comments made by our financial statements auditor, the reporting accountant for regularity assurance in their management letters and other reports.

The Principal has been advised on the implications of the result of her 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 senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit 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. Our 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 the December 2017 meeting, we carried out the annual assessment for the year ended 31 July 2017 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2017.

Statement of Corporate Governance and Internal Control (continued)

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

Going concern

We approved the College's latest financial plan in July 2017 which shows that the College is projecting to deliver operating surpluses in the next two financial years and maintain its cash balance at the end of this period. We regularly monitor student number projections and the College's marketing plans to ensure sufficient numbers of students are enrolled in future years. We regularly question management on their plans to maintain the financial health of the College and how they will respond to unexpected events. Therefore, after making these thorough and appropriate enquiries, we consider that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, we continue to adopt the going concern basis in preparing the financial statements.

The Board of Governors are required to assess the College's ability to operate as a going concern. The Governors assess whether the use of the going concern basis is appropriate ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the College to continue as a going concern. The Governors make this assessment in respect of at least one year from the date of authorisation for issue of the financial statements. During the year, the Governors took the decision to transfer the trade and assets of the College to an Academy which, subject to ESFA approval will not take place until March 2018 at the earliest. As the College in its current legal form is no longer a going concern, the accounts should be prepared on a basis other than that of a going concern. As the operations of the College will continue within the new legal entity, this is no material effect on the carrying value of the assets and liabilities and as such no changes have been made to those carrying values.

Approved by order of the members of the Corporation on 5 December 2017 and signed on its behalf by:

Lorna Anderson	Dr Catherine Richards
Chair of Governors	**Principal / Accounting Officer**

Statement of Regularity, Propriety and Compliance

The members of the Corporation have considered our responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with the terms and conditions of funding, under the College's funding agreement. As part of our consideration, we have had due regard to the requirements of the funding agreement.

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

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

Lorna Anderson	Dr Catherine Richards
Chair of Governors	**Principal / Accounting Officer**

Statement of the Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the College's funding agreement agreed with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education Institutions* and with the *College Accounts Direction for 2016-17* issued by the ESFA and which give a true and fair view of the state of affairs of the College and the result for that year.

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

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

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

The maintenance and integrity of our website is the responsibility of the Corporation and 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 financial agreement 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 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 5 December 2017 and signed on its behalf by:

Lorna Anderson
Chair of Governors

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF EAST NORFOLK SIXTH FORM COLLEGE

Opinion

We have audited the financial statements of East Norfolk Sixth Form College ("the College") for the year ended 31 July 2017 which comprise the statement of comprehensive income, the statement of changes in reserves, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2017 and of the College's income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education and relevant legislation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Financial statements prepared on a basis other than that of a going concern

We draw attention to note 1 to the financial statements which explains that, as a consequence of the decision taken by the Members of the Corporation to transfer the trade and assets of the College to an Academy, the College in its current form is no longer a going concern and that consequently, the financial statements have been prepared on a basis other than that of a going concern. The note also describes the implications for the accounts of the use of an alternative basis. Our opinion is not modified in this respect.

Other information

The Members of the Corporation are responsible for the other information. Other information comprises the information included in the Report of the Governing Body, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information including the Report of the Governing Body, Statement of Corporate Governance and Internal Control and the Governing Body's statement on the College's regularity, propriety and propriety compliance with Funding body terms and conditions of funding and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

Responsibilities of the Corporation
As explained more fully in the Statement of the Responsibilities of the Members of the Corporation set out on page xix, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Members of the Corporation are responsible for assessing the 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 the Members of the Corporation either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
This report is made solely to the Corporation of the College, as a body, in accordance with the Further & Higher Education Act 1992. Our audit work has been undertaken so that we might state to the Corporation of the College 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, as a body, for our audit work, for this report, or for the opinions we have formed.

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

BDO LLP

Kyla Bellingall (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham

Date: 7th December 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Reporting Accountant's Assurance Report on Regularity

To: The Corporation of East Norfolk Sixth Form College and the Department for Education acting through the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 2 October 2013 and further to the requirements of the financial memorandum with the Education and Skills Funding Agency, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by East Norfolk Sixth Form College ("the College") during the period 1 August 2016 to 31 July 2017 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 Education and Skills Funding Agency. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the Education and Skills Funding Agency has other assurance arrangements in place.

This report is made solely to the Corporation of the College and the Education and Skills Funding Agency in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of the College and the Education and Skills Funding Agency and 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 and the Education and Skills Funding Agency for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of East Norfolk Sixth Form College and the reporting accountant

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

Our responsibilities for this engagement are 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 2016 to 31 July 2017 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 Education and Skills Funding Agency. We performed a limited assurance engagement as defined in that framework.

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

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

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

The work undertaken to draw to our conclusion includes:

- Documentation and walkthrough of relevant controls on significant transaction streams to assess the adequacy of design of relevant controls and whether they appear to have been implemented;
- Review of the books and records of the Corporation, along with associated minutes and registers as appropriate for matters relevant to the regularity requirements;
- Review of the College Corporation's completed Self-assessment Questionnaire (Annex C of the Post-16 Audit Code of Practice) for the Corporation's responses and supporting evidence to each of the regularity requirements;
- Testing of material income streams for matters relevant to the regularity requirements;
- Testing of specific areas required to provide a limited assurance opinion, including but not limited to, Learner Support Funds and Governors' and Senior Management Team's expenses.

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 2016 to 31 July 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

BDO LLP

BDO LLP
Chartered Accountants
Birmingham

Date: 7th December 2017

BDO LLP is a Limited Liability Partnership registered in England and Wales (with registered number OC305127)

Statement of Comprehensive Income

	Notes	**2017** £000	**2016** £000
Income			
Funding Body Income	2	7,322	8,018
Tuition Fees and Charges	3	-	2
Other Grants and Contracts	4	170	155
Other Income	5	431	432
Investment Income	6	5	11
Total Income		**7,928**	**8,618**
Expenditure			
Staff Costs	7	5,424	5,531
Fundamental Restructuring Costs	7	218	319
Other Operating Expenses	8	1,654	2,014
Depreciation	11	646	638
Interest and other finance costs	9	161	176
Total Expenditure		**8,103**	**8,678**
(Deficit) before other gains and losses		**(175)**	**(60)**
(Loss) on disposal of assets		-	(1)
(Deficit) before tax		**(175)**	**(61)**
Taxation	10	-	-
(Deficit) for the year		**(175)**	**(61)**
Actuarial gain / (loss) in respect of pensions schemes	21	403	(474)
Total Comprehensive Income (Expense) for the year		**228**	**(535)**

The statement of comprehensive income is in respect of continuing activities.

The notes on pages 5 to 19 form part of the financial statements.

Statement of Change in Reserves

	Income and Expenditure Account £000	Revaluation Reserve £000	Total £000
Balance at 1 August 2015	1,766	547	2,313
(Deficit) from the income and expenditure account	(61)	-	(61)
Other comprehensive expense	(474)	-	(474)
Transfers between revaluation and income and expenditure reserves	78	(78)	-
Total comprehensive expense for the year	(457)	(78)	(535)
Balance at 31 July 2016	1,309	469	1,778
(Deficit) from the income and expenditure account	(175)	-	(175)
Other comprehensive expense	403	-	403
Transfers between revaluation and income and expenditure reserves	78	(78)	-
Total comprehensive income / (expense) for the year	306	(78)	228
Balance at 31 July 2017	1,615	391	2,006

The notes on pages 5 to 19 form part of the financial statements.

Balance Sheet as at 31 July

	Notes	2017 £000	2016 £000
Non-Current Assets			
Tangible Fixed Assets	11	**11,701**	**12,178**
Current Assets			
Stock		10	8
Trade and other receivables	12	125	139
Cash and cash equivalents	17	1,075	1,385
		1,210	**1,532**
Less: Creditors – amounts falling due within one year	13	(1,509)	(1,915)
Net Current (Liabilities)		**(299)**	**(383)**
Total Assets Less Current Liabilities		**11,402**	**11,795**
Creditors falling due after more than one year	14	(7,326)	(7,763)
Provisions: Defined benefit obligations	16	(2,070)	(2,254)
Total Net Assets		**2,006**	**1,778**
Unrestricted Reserves			
Income and Expenditure Account		1,615	1,309
Revaluation Reserve		391	469
Total Unrestricted Reserves		**2,006**	**1,778**

The financial statements on pages 1 to 19 were approved and authorised for issue by the Corporation on 5 December 2017 and are signed on its behalf on that date by:

L Anderson
Chair of Governors

Dr C Richards
Principal / Accounting Officer

The notes on pages 5 to 19 form part of the financial statements.

Statement of Cash Flows

	Notes	2017 £000	2016 £000
Cash Flow from Operating Activities			
(Deficit) for the year		(175)	(61)
Adjustment for non-cash items			
Depreciation	11	646	638
(Increase) in stocks		(2)	(2)
Decrease / (Increase) in debtors		14	(2)
(Decrease) / Increase in creditors due within one year		(163)	56
(Decrease) in creditors due after one year		(155)	(155)
Pension costs less contributions payable		163	114
Adjustment for Investing and Financing Activities			
Investment income	6	(5)	(11)
Interest payable	9	161	176
Loss on sale of fixed assets		-	1
Net Cash Flow from Operating Activities		**484**	**754**
Cash Flows from Investing Activities			
Payments to acquire fixed assets		(422)	(278)
Investment income		5	9
Capital expenditure funded by capital grant		-	2
		(417)	(267)
Cash Flows from Financing Activities			
Interest paid		(104)	(116)
Repayments of amounts borrowed		(273)	(262)
		(377)	(378)
(Decrease) / increase in cash and cash equivalents in the year		**(310)**	**109**
Cash and cash equivalents at beginning of the year	17	1,385	1,276
Cash and cash equivalents at end of the year	17	1,075	1,385

The notes on pages 5 to 19 form part of the financial statements.

1. Accounting Policies

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

Basis of Preparation
These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2015* (the 2015 FE HE SORP), the *College Accounts Direction for 2016 to 2017* and in accordance with Financial Reporting Standard 102 – *"The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland"* (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of Accounting
The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

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

The College currently has £2.3m of loans outstanding with bankers on terms negotiated for three different agreements as noted in Note 15. The loans will be fully repaid during the period from 2022 to 2027. The College's forecasts and financial projections indicate that it expects to deliver surpluses in 2017-18 and 2018-19 and maintain its closing cash balance in each year. It will therefore be able to operate within this existing lending facility and meet the bank covenants for the foreseeable future.

Accordingly, the College expects to have adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

The Governors assess whether the use of the going concern basis is appropriate (i.e,, whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the College to continue as a going concern). The Governors make this assessment in respect of at least one year from the date of approval of the financial statements. During the year, the Governors took the decision to transfer the trade and assets of the College to an Academy which, subject to ESFA approval will not take place until March 2018 at the earliest. As the College in its current legal form is no longer a going concern, the accounts should be prepared on a basis other than that of a going concern. As the operations of the College will continue within the new legal entity, this is no material effect on the carrying value of the assets and liabilities and, as such, no changes have been made to those carrying values.

Recognition of Income
Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure

Notes to the Accounts (continued)

account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Grants (including research grants) from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance-related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met. Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance-related conditions being met.

Income from the sale of goods in the cafeteria is recognised at the point of sale, which is when the goods are supplied.

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

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

Termination Payments

The college pays termination payments in line with the contractual obligations. The college provides for termination payments when the criteria for a provision is met. Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Salary Sacrifice

The College offers its employees the option to participate in two salary sacrifice schemes, for Childcare Vouchers and the Cycle to work scheme. Any salary deductions are made in agreement with HMRC guidelines whilst ensuring all employees earn above the national minimum wage.

Post-Retirement Benefits

Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and the Norfolk Pension Fund (NPF) which is part of the Local Government Pension Scheme. These are defined benefit plans which are externally funded.

Teachers' Pension Scheme (TPS)

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

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

Norfolk Pension Fund (NPF)

The NPF is a funded scheme. The assets of the NPF are measured using closing fair values. NPF liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme

Notes to the Accounts (continued)

introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

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

Non-current Assets - Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation.

a. 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 reserve on an annual basis.

Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

- Inherited buildings and previous additions – 25 years
- New buildings – 50 years
- Additions – 20 years
- Improvements – 10 years

Freehold land is not depreciated as it is considered to have an infinite useful life.

Freehold buildings are depreciated over their expected useful economic life to the College of between 25 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 10 and 25 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors, and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

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.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1993 as a result of the incorporation of the College, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

b. Equipment

Equipment costing less than £500 per individual item, or £250 for computer equipment, is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Equipment is depreciated on a straight-line basis over the following useful economic lives:

- Computer software 3 years
- Computer equipment 5 years
- Other equipment 5 years

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in

Notes to the Accounts (continued)

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 to the Statement of Comprehensive Income and Expenditure.

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

Cash and cash equivalents
Cash includes cash in hand and deposits repayable on demand. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

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 held by the College 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.

Taxation
The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is exempt in respect of Value Added Tax, so that it cannot recover VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Agency arrangements
The College acts as an agent in the collection and payment of discretionary support funds (see Note 23). Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Provisions
Provisions are recognised when

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

Notes to the Accounts (continued)

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

Judgements in applying accounting policies and key sources of estimation uncertainty
In preparing these financial statements, management have made the following judgements:

- Determine whether there are indicators of impairment of the 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 - Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Local Government Pension Scheme – The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Funding Body Income

	2017	2016
	£000	£000
Recurrent grants		
Education and Skills Funding Agency (16-18)	7,052	7,579
Education and Skills Funding Agency (19+)	2	1
Specific grants		
Release of government capital grants	146	146
Student Financial Support Funding administration	10	9
SFC Devolved Formula Capital funding	107	27
Conditions Improvement Fund grant	-	234
SFC Support Fund	1	22
Area Review Transition Grant	4	-
	7,322	**8,018**

3 Tuition Fees

	2017	2016
	£000	£000
UK Further Education Students	-	2
	-	**2**

4 Other Grants and Contracts

	2017	2016
	£000	£000
Other grants – Capital Grant Release	9	9
Other grants – Revenue	161	146
	170	**155**

5 Other Operating Income

	2017	2016
	£000	£000
Catering operations	330	308
Miscellaneous income	101	124
	431	**432**

6 Investment Income

	2017	2016
	£000	£000
Other interest receivable	5	11
	5	**11**

7 Staff Costs

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

	2017	2016
	Number	Number
Teaching Staff	70	75
Non-Teaching Staff	68	63
	138	**138**

7 Staff Costs (continued)

Staff costs for the above persons	**2017**	**2016**
	£000	£000
Wages and Salaries	4,227	4,401
Social Security Costs	380	349
Other Pension Costs	817	781
Payroll Sub Total	**5,424**	**5,531**
Fundamental Restructuring Costs - Contractual	131	190
Fundamental Restructuring Costs – Non-Contractual	87	129
Total Staff Costs	**5,642**	**5,850**

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the senior management team which comprises the Principal, Vice Principal and Assistant Principal (IT and Data Systems) and the College's Directors. During the year, the three Directors of Teaching and Learning, Sue Brisbane, Debbie Brown and Caroline Niddrie-Webb were considered to be Key Management Personnel. Keith Murphy, Deputy Principal, left the College in August 2016. In 2016, Daphne King and Anita Hartley were included in this category prior to their retirement in August 2015. Sean Offord resigned from his role in September 2015 and was not replaced.

Staff costs include compensation paid to key management personnel for loss of office.

Emoluments of Key management personnel and other higher paid staff

	2017	**2016**
	Number	Number
The number of key management personnel was:	7	7

The number of key management personnel and other staff who received emoluments, excluding employer's pension and national insurance contributions but including benefits in kind and compensation for loss of office, in the following ranges was:

	Key Management Personnel		**Other Staff**	
	2017	**2016**	**2017**	**2016**
£40,001 to £50,000	-	1	*No requirement to disclose*	
£50,001 to £60,000	2	1	*No requirement to disclose*	
£60,001 to £70,000	1	1	-	6
£70,001 to £80,000	2	1	-	2
£80,001 to £90,000	-	-	1	-
£90,001 to £100,000	2	2	-	-
£100,001 to £110,000	-	1	-	-
	7	**7**	**1**	**8**

Key management personnel emoluments are made up as follows:

	2017	**2016**
	£000	£000
Salaries (gross of salary sacrifice and waived emoluments)	426	337
Employer's National Insurance contributions	47	35
Pension contributions	63	49
Total emoluments	**536**	**421**

7 Staff Costs (continued)

The above emoluments include amounts payable to the Principal (who is also the highest paid senior post holder) of:	**2017**	**2016**
	£000	£000
Salaries	98	93
Pension contributions	16	13
	114	**106**

Compensation for loss of office paid to former key management personnel

	2017	**2016**
	£000	£000
Compensation paid to the former post holder (contractual)	40	24
Estimated value of other benefits	-	-
	40	**24**

The members of the corporation, other than the Accounting Officer and staff Governors, did not receive any payments from the College other than for the reimbursement of travel and subsistence expenses incurred in the course of their duties.

8 Other Operating Expenses

	2017	**2016**
	£000	£000
Teaching costs	461	621
Non-Teaching costs	703	720
Premises costs	490	673
Other Operating Expenses	**1,654**	**2,014**

Other expenses include:

	2017	**2016**
	£000	£000
Catering operations		
Sale of Stock	167	147
Other costs	8	5
	175	152
Auditors' Remuneration		
Financial Statements Audit	11	11
Internal Audit	13	13
Hire of assets under operating leases	65	75

9 Interest Payable

	2017	**2016**
	£000	£000
On bank loans, overdrafts and other loans	102	116
Pension finance costs	56	60
Other interest payable	3	-
	161	**176**

10 Taxation

We do not believe that the College was liable for any corporation tax arising out of its activities during either year.

11 Tangible Fixed Assets

	Land and Buildings (Freehold) £000	Equipment £000	Total £000
Cost or Valuation			
At 1 August 2016	15,813	1,883	17,696
Additions	(59)	228	169
Disposals		(173)	(173)
At 31 July 2017	15,754	1,938	17,692
Depreciation			
At 1 August 2016	4,219	1,299	5,518
Charge for the year	377	269	646
Disposals		(173)	(173)
At 31 July 2017	4,596	1,395	5,991
Net Book Value at 31 July 2017	**11,158**	**543**	**11,701**
Net Book Value at 31 July 2016	11,594	584	12,178

At 31 July 2016, creditors existed for building project additions to be paid. When the final accounts were agreed, the actual amounts paid to the contractors were less than expected resulting in negative additions being recorded in 2016-17.

Land and buildings were valued for the purpose of the 1994 financial statements at depreciated replacement cost by Norfolk Property Services, a direct service trading unit of Norfolk County Council. The valuation was performed in accordance with the Statements of Asset Valuation Practice and Guidance Notes published by the Royal Institution of Chartered Surveyors (RICS) by a RICS qualified surveyor.

Land and buildings with a net book value of £10,575,000 have been partly financed by exchequer funds through, for example, the receipt of capital grants. Should these assets be sold, the College may be liable, under the terms of its financial memorandum, to surrender the proceeds.

Land with a value of £340,000 is not depreciated.

As stated in the Statement of Accounting Policies note, the College carries inherited assets at an inherited valuation of £391,000. The assets were valued on incorporation and not updated since. If inherited land and buildings had not been valued, they would have been included at the following amounts:

	£000
Cost	NIL
Aggregate depreciation based on cost	NIL
Net book value based on cost	NIL

12 Trade and Other Receivables

	2017	2016
Amounts falling due within one year	£000	£000
Trade debtors	14	26
Prepayments and accrued income	111	113
	125	**139**

13 Creditors: Amounts Falling Due Within One Year

	2017	2016
	£000	£000
Trade payables	134	317
Other taxation and social security	94	97
Bank loans	281	272
Payments received on account	188	264
Deferred income - government capital grants	155	155
Holiday pay accrual	255	283
Accruals and deferred income	402	527
	1,509	**1,915**

14 Creditors: Amounts Falling Due After More Than One Year

	2017	2016
	£000	£000
Deferred income - government capital grants	5,267	5,422
Bank loans	2,059	2,341
	7,326	**7,763**

15 Maturity of Debt

a. Bank Loans

	2017	2016
Repayable as follows:	£000	£000
In one year or less	281	272
Between one and two years	292	283
Between two and five years	947	915
In five years or more	820	1,143
	2,340	**2,613**

The College took out a 20-year loan for £2,239,000 with Lloyds TSB Bank on 1 October 2004 to help finance a building project to add a new teaching block and sports hall. The loan is paid quarterly and the interest rate has been fixed at 6.18301%. The loan is secured on the College land and buildings.

The College took out a 19-year loan for £528,000 with Lloyds TSB Bank on 19 March 2008 to help finance a building project to add a new teaching block. The loan is paid quarterly and the interest rate is variable at Base Rate + 0.45%. The loan is secured on the College land and buildings.

The College took out a loan for £1,500,000 with Lloyds TSB Bank on 1 October 2012 to help finance the building project to add a new teaching block and canteen. The loan has two components: (1) £625,000 at a fixed interest rate of 3.855% over a period of 10 years and (2) £875,000 on a variable rate basis of 1.5% above the 3-month LIBOR rate over a period of 15 years. Payments will be made quarterly. The loan is secured on the College land and buildings.

16 Provisions

Defined Benefit Obligations	**2017**	**2016**
	£000	£000
At 1 August	2,254	1,606
Expenditure in period	(274)	(221)
Additions in the period	90	869
At 31 July	**2,070**	**2,254**

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 21.

17 Cash and Cash Equivalents

	At 1 August 2016	**Cash flows**	**Other Changes**	**At 31 July 2017**
	£000	£000	£000	£000
Cash and cash equivalents	1,385	(310)	-	1,075
Total	**1,385**	**(310)**	**0**	**1,075**

18 Capital Commitments	**2017**	**2016**
	£000	£000
Commitments contracted for at end of year	-	-

19 Financial Commitments

At 31 July 2017, the College had minimum lease payments under non-cancellable operating leases as follows:

	2017	**2016**
Other	£000	£000
Not later than one year	1	65
Later than one year and not later than five years	64	81
Later than five years	-	-

20 Contingent Liability

The College is not aware of any material contingent liabilities.

21 Defined Benefit Obligations

The College's employees belong to two principal pension schemes, the Teachers' Pension Scheme England and Wales (TPS) for teaching staff and the Norfolk Pension Fund (NPF) for academic and technical staff. Both are multi-employer defined-benefit plans.

Total pension cost for the year	**2017**	**2016**
	£000	£000
Teachers' Pension Scheme: contributions paid	411	451
Norfolk Pension Fund:		
Contributions paid	274	221
FRS 102 (Section 28) charge	163	114
Charge to Statement of Comprehensive Income	437	335
Total Pension Cost for the Year	**848**	**786**

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016.

21 Defined Benefit Obligations (continued)

Contributions amounting to £94,000 (2016 - £92,000) were payable to the schemes at 31st July and are included within creditors.

Teachers' Pension Scheme

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

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

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

- New employer contribution rates were set at 16.48% of pensionable pay (including administration fees of 0.08%);
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay.

The new employer contribution rate for the TPS was implemented in September 2015.
A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:
https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx

Scheme Changes

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

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

21 Defined Benefit Obligations (continued)

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

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

The pension costs paid to TPS in the year amounted to £411,000 (2016 - £451,000)

FRS 102 (Section 28)

Under the definitions set out in FRS 102 (Section 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.

Norfolk Pension Fund (NPF)

The NPF is a funded defined benefit scheme, with the assets held in separate funds administered by Norfolk Local Authority. The total contribution made for the year ended 31 July 2017 was £357,000 (2016 - £300,000) of which employer's contributions totalled £274,000 (2016 - £221,000) and employees' contributions totalled £83,000 (2016 - £79,000). The agreed contribution rates for the period 1 April 2017 to 31 March 2018 is 19.8% for employers and range from 5.5% to 9.9% for employees, depending on salary.

The following information is based upon a full actuarial valuation of the fund at 31 March 2016, updated to 31 July 2017 by a qualified independent actuary.

	At 31 July 2017	**At 31 July 2016**
Rate of increase in salaries	2.8%	2.9%
Rate of increase for pensions	2.5%	1.9%
Discount rate for scheme liabilities	2.7%	2.4%
Inflation Assumption (CPI)	3.5%	2.9%

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

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

	At 31 July 2017	**At 31 July 2016**
Retiring today		
Males	22.1	22.1
Females	24.4	24.3
Retiring in 20 years		
Males	24.1	24.5
Females	26.4	26.9

21 Defined Benefit Obligations (continued)

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

	2017	2016
	£000	£000
Fair value of plan assets	6,075	5,506
Present value of plan liabilities	(8,145)	(7,760)
Net pension (liability) (Note 16)	**(2,070)**	**(2,254)**

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

	2017	2016
Amounts included in Staff Costs	£000	£000
Current service cost	412	335
	412	**335**
Amounts included in Interest and other finance costs		
Interest cost	(56)	(60)
	(56)	**(60)**
Amounts recognised in Other Comprehensive Income		
Return on pension plan assets	177	426
Experience losses arising on defined benefit obligations	452	52
Changes in assumptions underlying the present value of plan	(226)	(952)
Total	**403**	**(474)**

Movement in Net Defined Benefit in the year	**2017**	**2016**
	£000	£000
Net Defined Benefit liability in scheme at 1 August	(2,254)	(1,606)
Movement in year:		
Current service Cost	(412)	(335)
Employer contributions	274	221
Net Interest on the defined (liability)	(56)	(60)
Actuarial gain / (loss)	403	(474)
Curtailments	(25)	-
Net Defined Benefit liability at 31 July	**(2,070)**	**(2,254)**

Asset and Liability Reconciliation

	2017	2016
Reconciliation of Liabilities	£000	£000
Liabilities at start of period	7,760	6,300
Current service cost	412	335
Interest cost	191	233
Contribution by members	83	79
Actuarial (gains) / losses	(226)	900
Loss on curtailments	25	-
Estimated benefits paid	(100)	(87)
Liabilities at end of period	**8,145**	**7,760**

21 Defined Benefit Obligations (continued)

Reconciliation of Assets	**2017** £000	**2016** £000
Assets at start of period	5,506	4,694
Expected return on assets	135	173
Contribution by members	83	79
Contribution by employers	274	221
Actuarial gains	177	426
Estimated benefits paid	(100)	(87)
Assets at end of period	**6,075**	**5,506**

The estimated value of employer contributions for the year ended 31st July 2018 is £254,000.

22 Related Party Transactions

Due to the nature of the College's operations and the composition of the Board of Governors (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. No transactions were identified which should be disclosed under FRS 102 Related Party Disclosures.

23 Amounts Disbursed as Agents

	2017 £000	**2016** £000
Balance brought forward	60	39
Funding body grants – bursary support	143	177
Funding body grants – discretionary learner support	19	17
Funding body grants – free school meals	52	48
	274	281
Disbursed to students	(239)	(206)
Administration costs	(10)	(9)
Grants reclaimed	-	(6)
Balance unspent at 31 July, included in creditors	**25**	**60**

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 are therefore excluded from the Statement of Comprehensive Income.

The College utilised all £172,000 of its 16-18 Learner Support Funding allocation (£143,000 received in the year) plus the brought forward balance (£29,000) in the year.

The College did not receive a 19+ Learner Support Funding allocation in the year.

The College utilised all £19,000 of the Vulnerable Student Bursary allocation in the year.

The College utilised £58,000 of the Free School Meal allocation (£52,000 received in the year) and brought forward balance (£31,000) in the year. The unspent Free School Meal funding can be carried forward and spent during the 2017-18 financial year.