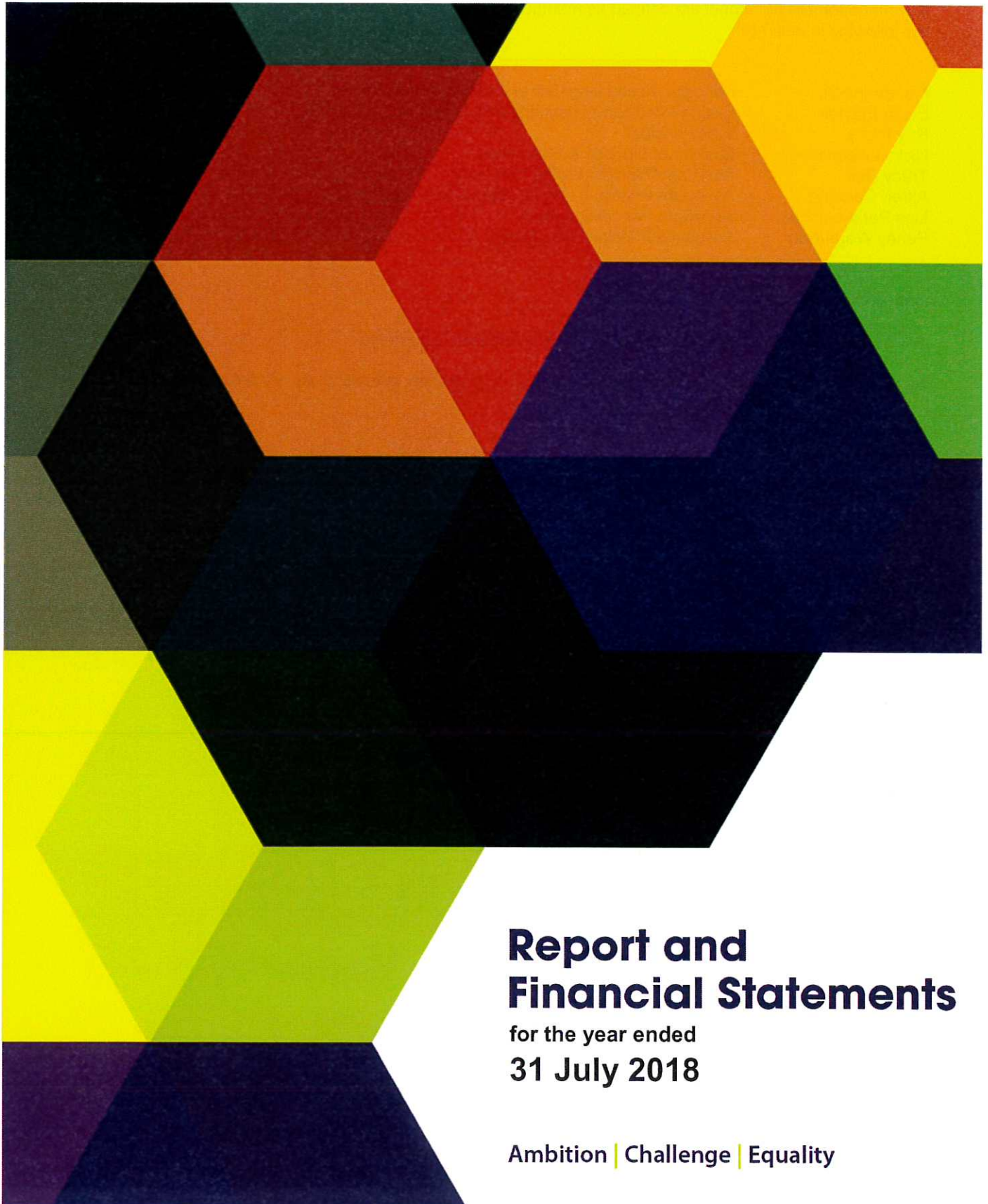
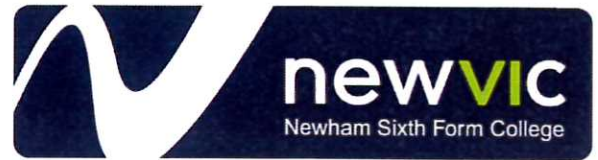


**Newham Sixth Form College**



**Report and  
Financial Statements**  
for the year ended  
**31 July 2018**

Ambition | Challenge | Equality

## Key Management Personnel, Board of Governors and Professional advisers

### Key management personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2017/18:

Mandeep Gill	Principal: Accounting Officer (started August 2018)
Eddie Playfair	Exiting Principal: Accounting Officer (left August 2018)
Ray Ferris	Vice Principal
Nick Christoforou	Director of Finance & Resources
Tracy Oko	Assistant Principal Student Services
Alfred Cardona	Associate Principal: English, Maths and Progression
Lisa Parkhomchuk	Associate Principal: A level
Penny Warburton	Associate Principal: Vocational

### Board of Governors

A full list of Governors is given on page 13 of these financial statements.

Newham Partnership Working, a not for profit mutual organisation, acts as Clerk to the Corporation.

### Professional advisers

#### Financial statements auditors and reporting accountants:

Buzzacott LLP  
130 Wood Street  
London  
EC2V 6DL

#### Internal auditors:

MacIntyre Hudson Associates  
New Bridge Street House  
30-34 New Bridge Street  
London  
EC4V 6BJ

#### Bankers:

Lloyds Bank plc  
4th Floor  
25 Gresham Street  
London  
EC2V 7HN

#### Solicitors:

Clarkslegal  
One Forbury Square  
The Forbury  
Reading  
Berkshire  
RG1 3EB

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## Report of the Governing Body

### NATURE, OBJECTIVES AND STRATEGIES:

The members of the Corporation present their report and the audited financial statements for the year ended 31 July 2018.

#### Legal status

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

#### Mission

The College's mission statement is: *"to create a successful learning community"*.

The College has also adopted the key principles of: *Ambition, Challenge and Equality*.

#### Public Benefit

Newham 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 as Principal Regulator for all sixth form colleges in England. The members of the Governing Body who are trustees of the charity are disclosed on page 13.

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

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

- High-quality teaching with good student outcomes and progression rates;
- Widening participation and tackling social exclusion;
- Strong student support and student development;
- Links with education partners and employers;

The College adheres to the seven principles of public office.

#### Strategic planning

Each year the Corporation agrees an ambitious Development Plan for the coming academic year and monitors the performance of the College against this. In the medium term the College is aiming to be outstanding by 2020 and has set milestones for achieving this.

The Corporation approved a three-year financial plan in July 2018 for the period 1 August 2018 to 31 July 2020. This plan was submitted to the ESFA in July 2018.

The College has invested in a major building project to provide a much improved entrance, a new Learning Resource Centre, a studio space and additional café and social space for students.

The College's strategic aims are:

To be successful by

- becoming outstanding in all that we do;
- aiming to be exceptional for student progress;
- being the first choice college for students and staff;

**Report of the Governing Body (continued)**

To promote learning by

- developing skilled learners committed to continuous improvement;
- offering responsive and challenging programmes of study in a stimulating learning environment;
- ensuring consistently excellent teaching and best practice;

To develop our community by

- valuing diversity and inclusiveness and advancing equality;
- promoting citizenship and our shared values;
- making a difference to people's lives and contributing to our local economy;

**Financial objectives**

The College's financial objectives are:

- to maintain an annual operating surplus before notional pension charges, exceptional items and disposal of fixed assets;
- to pursue alternative sources of funding, on a selective basis, consistent with the College's core competencies, and the need for a financial contribution to the College's overall finances;
- to generate sufficient levels of income to support the asset base of the College;
- to further improve the College's shorter term liquidity and
- to fund continued capital investment.

A series of performance indicators have been agreed to monitor the successful implementation of the policies.

## Report of the Governing Body (continued)

## Performance indicators

KEY RATIOS			
	2018 Actual	2018 Plan	2019 Plan
<b>Liquidity</b> - how much of a cash safety net does the College have at its disposal?			
Cash days in hand	67.76	57.78	64.99
Adjusted current ratio	1.71	1.66	1.94
Borrowing as a % of income	19.27%	19.04%	18.23%
<b>Margin</b> - how successful is the College being at delivering a balanced budget?			
EBITDA as a % of income – education specific	3.90%	7.16%	6.29%
Available reserves as a percentage of income	87.8%	85.37%	85.83%
<b>Income</b> - how reliant is the College on ESFA income?			
Dependency on ESFA income	93.76%	94.43%	93.64%
<b>Expenditure</b> - how successful is the College at keeping wage costs under control?			
Staff costs (excluding restructuring and including LGPS notional charge) as % of income	76.9%	77.06%	78.75%
Framework for Excellence financial health grade	Good	Good	Good

The College is committed to observing the importance of sector measures and indicators. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency. The Finance record produces a financial health grading on submission at 31 December.

Although the ESFA continues to measure FE performance in terms of contribution to national targets, individual colleges are now required to submit three-year development plans which are reviewed each year. These development plans focus on four headline targets:

- learner numbers and achievement of ESFA funding targets;
- learner achievement rates, value added and progression;
- quality of teaching and learning;
- stakeholder engagement.

**Report of the Governing Body (continued)****Performance 2017/18: Overview of college success****Overall College performance**

The College achievement rate (of leavers) for 2017/18, increased by 2% to 89% (excluding Functional Skills). This is 6% higher than the national rate and is the fourth successive annual increase. Value added for second year level three BTEC courses improved to ALPs 4 and the A level pass rate was 98%.

**Quality**

The College has been judged to be 'good' by Ofsted at the last full inspection, in 2015 and continues to self-assess as good. This has been re-confirmed by the ESFA in October 2018. Within this overall picture, underperformance on courses in departments has been addressed, with almost all curriculum areas now self-assessing as 'good' or 'outstanding'.

The College has continued to improve its quality assurance systems, including highly focused support and challenge at Corporation meetings and during governor link meetings throughout the year.

**FINANCIAL POSITION****Financial results**

The College returned a deficit of £564k before actuarial gains in respect of pension schemes in the year of £1,643k (2017: £234k surplus). The result in 2018 is stated after the impact of the notional charges associated with the Colleges' Local Government Pension Scheme (LGPS), which totalled £787k (2017: £550k), comprising a notional pension charge of £638k (2017: £420k) included within staff costs, a notional net finance cost of £141k (2017: £122k) included within interest and other finance costs, and a notional administration fee of £8k (2017: £8k) included within other operating expenses. Excluding these notional charges the College generated a surplus of 250k (2017: £784k surplus).

The College has accumulated reserves of £8.9 million (2017: £7.6 million) and cash balances of £2.9 million (2017: £1.2 million). The increase in reserves is attributable to the increased total comprehensive income for the year excluding pension's reserve of £448k. The notional charges to the pensions reserves have decreased this year compared to last year by £237k.

Tangible fixed asset additions during the year amounted to £534k (2017: £4.6 million). This was split between land and buildings acquired of £179k (2017: £4.0 million) and equipment purchased of £353k (2017: £1k).

The College has significant reliance on the ESFA for its principal funding source, largely from recurrent grants. In 2018 the ESFA provided 93.1% (2017: 95.1%) of the College's total income.

The College wishes to accumulate reserves from operations to fund the next stages of planned campus development and other investments in the student learning environment.

**Treasury policies and objectives**

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

The College has a separate treasury management policy in place.

Short term borrowing for temporary revenue purposes is authorised by the Principal. Such arrangements are restricted by limits in the Financial Memorandum with the ESFA. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum of the ESFA.

## Report of the Governing Body (continued)

### Cash flows and liquidity

At £2.1m (2017: £2.0m) net cash inflows from operating activities were strong to provide further capital to fund the purchase of tangible assets. The loan facility of £3.0million used to finance the final phase of the building project has now crystallised with the interest rate fixed for five years and negotiable thereafter.

### Reserves

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation, and ensures 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 £13,484k(2017: £13,036k). It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses. Although there is a predicted deficit for 2018/19, the College is working hard to identify and deliver savings in year.

## CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

### Student numbers:

In 2017-18 the College has delivered activity to justify £14.36m in EFSA main allocation funding. The College had 2,361 ESFA funded learners, under achieving against a target of 2,527.

### Curriculum developments

The College has continued to successfully manage wide-scale curriculum changes. The A level pass rate improved, with the majority of these subjects assessed as two year, linear qualifications. The move to 9-1 grading for almost all GCSEs, including English and maths, was well managed, with a significant increase in GCSE English high grades, and strong high grade performance on several other GCSE courses.

The College is also centrally involved in the T-level capacity building project, funded by central government.

### Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. The College incurred no interest charges in respect of late payments for this period.

### Post-balance sheet events

None.

### Future developments

- Review the mission, vision and values of the organisation;
- Create a three year, high-level strategic plan that will help shape and position NewVIC for the future;
- Focus on creating a values-based culture including training all managers to be more solution-focused and, supporting staff to be more confident trying different techniques/processes to further improve performance;
- A review of our income and expenses to see what further strategies could be used to better manage both.



**Report of the Governing Body (continued)****RESOURCES:**

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

The principal tangible resource is the main College site in Prince Regent Lane.

*Financial*

The College has £14.6m of net assets (2017: £13.5m). This includes £4.5m pension liability (2017: £5.4m), and £5.9m long term debt.

*People*

The College employs 230 people (expressed as full time equivalents) (2017: 229), of whom 121 are teaching staff (2017: 122).

*Reputation*

The College has a good reputation locally and nationally. Maintaining a high quality offer is essential for the College's success in attracting students, especially in view of increasing local competition. The College achieved a 'good' judgement in the 2015 Ofsted inspection and staff have continued to work for further improvement since then.

**PRINCIPAL RISKS AND UNCERTAINTIES:**

The College continues to develop and embed a system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

The College maintains a risk register at the College level which is reviewed regularly by senior managers and the Audit & Scrutiny Committee. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

The principal risks are:

1. Static or declining student numbers
2. Static or declining government funding
3. Threats arising from major critical incidents

Many of these factors are outside the College's control and other factors may also adversely affect the College.

The College has considerable reliance on continued government funding through the ESFA. Continual pressure on public funds places a heavy emphasis on the College to increase efficiency. Income per learner has decreased in recent years while costs (notably staff costs) have increased.

This risk is mitigated via constant scrutiny of the College's cost base and search for efficiencies and by ensuring the College is focused on those priority sectors which will continue to attract public funding.

**STAKEHOLDER RELATIONSHIPS**

In line with other colleges and with universities, Newham Sixth Form College has many stakeholders. These include:

- Students and their families;
- The Education and Skills Funding Agency (ESFA);
- Further Education and Regional Schools Commissioners;
- Staff and their Trade Unions;
- Local employers and professional bodies;

## Report of the Governing Body (continued)

- Local Authorities, their associations and the Greater London Authority;
- The local community;
- Schools, other colleges and universities;
- Specific partnership organisation – regional and sub regional;
- Charitable and philanthropic trusts and
- The Governing Body

The College recognises the importance of these relationships and engages in regular communication with them through the College Internet site, networking and by meetings.

### Equal opportunities and employment of disabled persons

Newham Sixth Form College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat discrimination and advance equality. This policy will be resourced, implemented and monitored on a planned basis.

The College's Equal Opportunities Policy, including its Race Relations and Transgender Policies, is published on the College's Internet site.

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

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

### Disability statement

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

- a) As part of its accommodation strategy the College updates its access audit as needed.
- b) The College nominates specific staff, who provide information, advice and arranges support where necessary for students with disabilities.
- c) There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the learning centre.
- d) The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- e) The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- f) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
- g) Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

**Report of the Governing Body (continued)****Trade union facility time**

Numbers of employees who were relevant period	FTE employee number
5	4.53

Percentage of time	Number of employees
0%	
1-50%	4
51-99%	
100%	

Total cost of facility time	£18.9k
Total pay bill	£11,687k
Percentage of total bill spent on facility time	0.16%

Time spent on paid trade union activities as a percentage of total paid facility time	0.12%
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**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 *3/12/18* and signed on its behalf by:



Chair of the Corporation

## 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 2017 to 31 July 2018 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- i. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code"); and
- ii. having due regard to the UK Corporate Governance Code insofar as it is applicable to the further education sector.

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

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2018. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 19 May 2015.

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

**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 listed in the table below.

Name	Date of Appointment	Term	Resignation date	Status of appointment	Committees served	Attendance (%)
Gail May (Elected Chair 13/10/15, previously Vice-Chair)	01/12/08	4 years		Independent	Governance & Search - Chair	100
Jessie Robinson	16/10/13	4 years	15/10/17	Independent	Governance & Search	-
Jay Nair	16/10/13	4 years		Independent	Audit & Scrutiny –Chair	83
Jonathan Birdwell (Vice –Chair from 01/12/15 to 11/10/17)	16/10/13	4 years	15/10/17	Independent	Audit & Scrutiny	-
Katharine Young	07/02/18	4 years		Independent	Audit & Scrutiny	75
Shawab Iqbal	07/02/18	4 years		Independent	Audit & Scrutiny	100
Martin Oakeshott	07/02/18	4 years		Independent	Audit & Scrutiny	100
Terry Paul	24/03/15	4 years	07/06/18	Independent		40
Joanne Dean (Elected Vice-Chair 11/10/17)	09/02/16	4 years		Independent	Governance & Search	100
Airey Grant	07/12/16	4 years	31/08/17	Independent		-
Julia Shelton	16/01/17	4 years		Independent	Governance & Search	66
Wendy Bower	16/05/17	4 years	11/09/18	Independent		33
Allison Locke	24/10/14	4 years	23/10/18	Staff	Audit & Scrutiny	33
Rayon Walters	16/05/16	4 years		Staff		100
Omari Ledeaate-Williams	05/07/17	1 year	05/07/18	Student		50
Habib Rahman	05/07/17	1 year	05/07/18	Student		33
Maisha Rafiq Raina	05/07/18	1 year		Student		-
Sadia Wahida	08/10/18	1 year		Student		83
Miklos Sarosi	28/04/17	2 years		Parent		100
Eddie Playfair	01/09/08	Ex-officio	31/08/18	Principal	Governance & Search	100
Mandeep Gill	01/09/18	Ex-officio		Principal & CEO	Governance & Search	-

Newham Partnership Working, a not for profit mutual organisation, acts as Clerk to the Corporation.

MVTFG: Monitoring Visit Task and Finish Group

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

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

The Corporation conducts its business both through Corporation meetings and two committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are governance & search and audit & scrutiny. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at:

Newham Sixth Form College  
Prince Regent Lane  
Plaistow  
London E13 8SG

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

The Clerk to the Corporation, Paul Baglee of Newham Partnership Working, maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

All governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

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

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

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. The Corporation has a Search Committee, consisting of three members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

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

### Corporation performance

In October 2015 the College was inspected by Ofsted and the effectiveness of leadership & management and governance was judged as "good". The Governing body agreed that the College's self-assessment grades should be linked to Ofsted judgements. Governance was therefore assessed as "good".

### Audit & Scrutiny committee

The Audit & Scrutiny Committee comprises five members of the Corporation (excluding the Principal and Chair). The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit & Scrutiny Committee meets on a termly basis with an additional meeting to consider the internal audit plan and preparations for the statutory and regulatory audits. It provides a forum for reporting by the College's 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 ESFA as they affect the College's business.

The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed 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 & Scrutiny Committee also advises the Corporation on the appointment of internal, regularity and financial statements auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Corporation.

### Internal control

#### *Scope of responsibility*

The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve

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

business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between Newham Sixth Form College and the ESFA. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

*The purpose of the system of internal control*

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Newham Sixth Form College for the year ended 31 July 2018 and up to the date of approval of the annual report and accounts.

*Capacity to handle risk*

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2017 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

*The risk and control framework*

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body;
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines;
- the adoption of formal project management disciplines, where appropriate.

Newham Sixth Form College has an internal audit service, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the audit committee. At a minimum annually, the appointed internal auditors provide the governing body with a report on internal audit activity in the College. The report includes the auditor's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

*Review of effectiveness*

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

- the work of the internal auditors;
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework; and

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

- comments made by the College's financial statements auditors, the regularity auditors (for colleges in plan-led funding), the ESFA - appointed funding auditors (for colleges outside plan-led funding) in their management letters and other reports.

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

The senior leadership 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 leadership team and the Audit & Scrutiny Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit & Scrutiny Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior leadership team and the Audit & Scrutiny Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

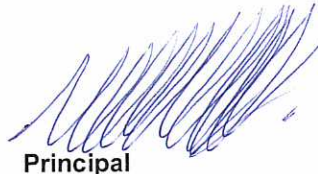
**Going Concern**

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

Approved by order of the members of the Corporation on 3 December 2018 and signed on its behalf by:



Chair



Principal



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

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

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

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



Chair



Principal

## Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the College's Financial Memorandum 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* and with the *College Accounts Direction 2017 to 2018* 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 Members Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the ESFA are used only in accordance with the Financial Memorandum with the ESFA and any other conditions that the ESFA may prescribe 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 by the ESFA are not put at risk.

Approved by order of the members of the Corporation on 3/14/18 and signed on its behalf by:



Chair of the Corporation

**Independent Auditor's Report to the Corporation of Newham Sixth Form College****Opinion**

We have audited the financial statements of Newham Sixth Form College (the 'College') for the year ended 31 July 2018 which comprise the statement of comprehensive income, the statement of changes in reserves, the balance sheet, the statement of cash flows, the principal accounting policies, and the notes to the financial statements. 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).

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

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2018 and of its surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

**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.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Corporation has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the college's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The Corporation is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 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

**Independent Auditor's Report to the Corporation of Newham Sixth Form College**

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 in relation to which the Post 16 Code of Practice issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

**Responsibilities of the Corporation**

As explained more fully in the statement of responsibilities of members of the Corporation, the Corporation is responsible for overseeing 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 determines 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 Corporation is 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 Corporation either intends to liquidate the college or to cease operations, or has no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

Buzzacott LLP

**Buzzacott LLP**  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

Date:

18 December 2018

**Independent Auditor's Report on Regularity to the Corporation of Newham Sixth Form College ('the Corporation') and Secretary of State for Education acting through the Department for Education ("the Department")**

In accordance with the terms of our engagement letter dated 13 October 2016 and further to the requirements of the funding agreement with 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 Newham Sixth Form College ('the College') during the period 1 August 2017 to 31 July 2018 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 ("the Code") issued by the Department. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individual Learner Records (ILR) returns, for which the Department has other assurance arrangements in place.

This report is made solely to the corporation of Newham Sixth Form College and the Department in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of Newham Sixth Form College and the Department 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 Newham Sixth Form College and the Department for our work, for this report, or for the conclusions we have formed.

**Respective responsibilities of the Newham Sixth Form College and the reporting accountants**

The corporation of Newham Sixth Form College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations, 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 review 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 Code. 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 2017 to 31 July 2018 have not been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

**Approach**

We conducted our engagement in accordance with the Code issued jointly by the Department. 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 conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the College's activities;

**Independent Auditor's Report on Regularity to the Corporation of Newham Sixth Form College ('the Corporation') and the Secretary of State for Education acting through Education Funding Agency**

- Further testing and review of self-assessment questionnaire including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

**Conclusion**

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2017 to 31 July 2018 has not been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

*Buzzacott LLP*

**Buzzacott LLP**  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

**Date:**

*18 December 2018*

**Statements of Comprehensive Income**

	Notes	2018 £'000	2017 £'000
<b>INCOME</b>			
Funding body grants	2	15,184	15,345
Tuition fees and education contracts	3	191	241
Other income	4	271	116
Investment income	5	-	3
<b>Total income</b>		<b>15,646</b>	<b>15,705</b>
<b>EXPENDITURE</b>			
Staff costs	6	11,810	11,514
Staff Restructuring	6	34	-
Other operating expenses	7	2,915	2,728
Depreciation	9	1,240	1,081
Interest and other finance costs	8	211	148
<b>Total expenditure</b>		<b>16,210</b>	<b>15,471</b>
<b>(Deficit) surplus before other gains and losses</b>		<b>(564)</b>	<b>234</b>
<b>(Deficit) surplus for the year</b>		<b>(564)</b>	<b>234</b>
Actuarial gain in respect of pensions schemes	19	1,643	25
<b>Total Comprehensive Income for the year</b>		<b>1,079</b>	<b>259</b>

## Statement of Changes in Reserves

	Income and Expenditure account (Excluding Pension Reserve)	Pension Reserve	Income and Expenditure account Including Pension Reserve	Revaluation reserve	Total
	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31st July 2016</b>	12,079	(4,863)	7,216	6,025	13,241
Surplus/(deficit) from the income and expenditure account	784	(550)	234	-	234
Other comprehensive income/actuarial gains	-	25	25	-	25
Transfers between revaluation and income and expenditure reserves	173	-	173	(173)	-
	957	(525)	432	(173)	259
<b>Balance at 31st July 2017</b>	<b>13,036</b>	<b>(5,388)</b>	<b>7,648</b>	<b>5,852</b>	<b>13,500</b>
Surplus/(deficit) from the income and expenditure account	223	(787)	(564)	-	(564)
Other comprehensive income/actuarial gains	-	1,643	1,643	-	1,643
Transfers between revaluation and income and expenditure reserves	173	-	173	(173)	-
	396	856	1,252	(173)	1,079
<b>Total comprehensive income for the year</b>					
<b>Balance at 31st July 2018</b>	<b>13,432</b>	<b>(4,532)</b>	<b>8,900</b>	<b>5,679</b>	<b>14,579</b>



## Balance Sheet as at 31 July

	Notes	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Tangible fixed assets	9	24,502	25,209
<b>Current assets</b>			
Trade and other receivables	10	422	279
Cash and cash equivalents	14	2,851	1,194
		<u>3,273</u>	<u>1,473</u>
<b>Less: Creditors – amounts falling due within one year</b>	11	(2,699)	(2,819)
<b>Net current assets (liabilities)</b>		<u>574</u>	<u>(1,346)</u>
<b>Total assets less current liabilities</b>		<b>25,076</b>	<b>23,863</b>
Less: Creditors – amounts falling due after more than one year	12	(5,929)	(4,927)
<b>Provisions</b>			
Defined benefit obligations	13,19	(4,532)	(5,388)
Other provisions	13	(36)	(47)
<b>Total net assets</b>		<u><u>14,579</u></u>	<u><u>13,500</u></u>
<b>Unrestricted reserves</b>			
Income and Expenditure account excluding Pension Reserve		13,432	13,036
Pension Reserve	19	(4,532)	(5,388)
Income and expenditure account including Pension Reserve		8,900	7,648
Revaluation reserve		5,679	5,852
<b>Total unrestricted reserves</b>		<u><u>14,579</u></u>	<u><u>13,500</u></u>

The financial statements on pages 23 to 45 were approved and authorised for issue by the Corporation on 3/12/18 and were signed on its behalf on that date by:



Chair



Accounting  
Officer

**Statement of Cash Flows**

	2018	2017
	£'000	£'000
<b>Cash inflow from operating activities</b>		
(Deficit)/surplus for the year	(564)	234
<b>Adjustment for non cash items</b>		
Depreciation	1,240	1,081
Deferred capital grants released to income	(286)	(305)
(Increase)/decrease in debtors	(143)	(48)
(Decrease)/increase in creditors due within one year	(856)	606
Increase/(decrease) in creditors due after one year	1,370	
Decrease in provisions	(11)	(92)
Pensions costs less contributions payable	787	428
<b>Adjustment for investing or financing activities</b>		
Investment income	-	(3)
Interest payable	211	148
	<u>1748</u>	<u>2,049</u>
<b>Net cash flow from operating activities</b>		
<b>Cash flows from investing activities</b>		
Investment income	-	3
Payments made to acquire fixed assets	41	(3,776)
Deferred capital grants received	57	64
	<u>98</u>	<u>(3,709)</u>
<b>Cash flows from financing activities</b>		
Interest paid	(70)	(26)
Capital repayments of amount borrowed	(119)	-
	<u>(189)</u>	<u>(26)</u>
<b>Increase / (decrease) in cash and cash equivalents in the year</b>	<u>1,657</u>	<u>(1,686)</u>
Cash and cash equivalents at beginning of the year	14	1,194
Cash and cash equivalents at end of the year	14	2,851
	1,194	

## Notes to the Accounts:

### 1. Statement of accounting policies and estimation techniques

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

#### Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2015* (the 2015 FE HE SORP), the *College Accounts Direction for 2017 to 2018* 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 Members Report. The financial position of the College, its cash flow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The College currently has a £3m committed loan facility with Lloyds Bank plc on terms negotiated in spring 2016, this loan is not secured on any College assets and is in excess of the value of net current liabilities. The terms of the existing agreement are committed until December 2022. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future. This is in excess of net current liabilities and will enable the College to meet liabilities as and when they fall due.

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

#### Recognition of income

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

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

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

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

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

**Notes to the Accounts (continued):****1. Statement of accounting policies and estimation techniques (continued)****Accounting for post-employment benefits**

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

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

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

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

**Short term Employment benefits**

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

**Non-current Assets - Tangible fixed assets**

Tangible fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

*Land and buildings*

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

- Freehold Buildings 20-50 years
- Refurbishments/Building Improvements 10 years

Freehold land is not depreciated.

Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred 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.

**Notes to the Accounts (continued):****1. Statement of accounting policies and estimation techniques (continued)****Non-current Assets - Tangible fixed assets (continued)**

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued prior to 31 July 1999, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

*Subsequent expenditure on existing fixed assets*

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

*Equipment*

Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- computer equipment                      5 years
- furniture, fixtures and fittings        5 years

**Borrowing costs**

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised. Otherwise they are recognised as expenditure in the period in which they are incurred.

**Leased assets**

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives relating to leases signed after 1<sup>st</sup> August 2014 are spread over the minimum lease term.

**Investments**

Current investments comprise cash deposits which are held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority with more than three months maturity at the balance sheet date. Investments are stated at cost.

**Cash and cash equivalents**

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

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

**Financial liabilities and equity**

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

All loans, investments and short term deposits held by the 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. Loans and investments that are payable or receivable within one year are not discounted.

**Notes to the Accounts (continued):****1. Statement of accounting policies and estimation techniques (continued)****Foreign currency translation**

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

**Taxation**

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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 the 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.

**Provisions and contingent liabilities**

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

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 finance cost in the statement of comprehensive income in the period it arises.

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

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

**Agency arrangements**

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

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

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

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

*Other key sources of estimation uncertainty*

- *Tangible fixed assets*

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

**Notes to the Accounts (continued):****1. Statement of accounting policies and estimation techniques (continued)****Judgements in applying accounting policies and key sources of estimation uncertainty (continued)**

- *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 19, 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 2018. 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.

- *Phase 1 Provision*

The provision has been based on the most recent discussions with the contractors and the College's legal team.

## Notes to the Accounts (continued):

## 2 Funding council grants

	2018 £'000	2017 £'000
<b>Recurrent grants</b>		
Education and Skills Funding Agency	14,421	14,681
High Needs Student Funding from Local Authority	477	362
<b>Specific Grants</b>		
Releases of government capital grants	286	302
<b>Total</b>	<b>15,184</b>	<b>15,345</b>

## 3 Tuition fees and education contracts

	2018 £'000	2017 £'000
Education contracts	191	241

## 4 Other income

	2018 £'000	2017 £'000
Other income generating activities	19	22
Other grant income	195	34
Non-government capital grants	3	3
Miscellaneous income	54	57
<b>Total</b>	<b>271</b>	<b>116</b>

## 5 Investment income

	2018 £'000	2017 £'000
Other interest receivable	-	3



**Notes to the Accounts (continued):****6 Staff costs**

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

	2018 No.	2017 No.
Teaching staff	121	122
Non teaching staff	109	107
	<u>230</u>	<u>229</u>

**Staff costs for the above persons**

	2018 £'000	2017 £'000
Wages and salaries	8,453	8,264
Social security costs	849	833
Other pension costs	1,705	1,419
	<u>11,007</u>	<u>10,516</u>
<b>Payroll sub total</b>	<b>11,007</b>	<b>10,516</b>
Contracted out staffing services	803	998
	<u>11,810</u>	<u>11,514</u>
Fundamental restructuring costs -		
contractual	24	-
non contractual	10	-
	<u>11,844</u>	<u>11,514</u>

**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 Leadership Team which comprises the Principal (also the Accounting Officer), Vice Principal, Directors and Heads of School.

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

	2018 No	2017 No
The number of key management personnel including the Accounting Officer was:	7	7
	<u>7</u>	<u>7</u>

## Notes to the Accounts (continued):

## 6 Staff costs (continued)

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

	Key management personnel		Other staff	
	2018 No.	2017 No.	2018 No.	2017 No.
£50,001 to £60,000	3	2	4	-
£60,001 to £70,000	2	1	-	-
£70,001 to £80,000	1	-	-	-
£90,000 to £100,000	-	1	-	-
£120,000 to £130,000	1	-	-	-
	<u>7</u>	<u>4</u>	<u>4</u>	<u>-</u>

Key management personnel compensation is made up as follows:

	2018 £'000	2017 £'000
Salaries	534	471
Pension contributions	<u>74</u>	<u>77</u>
<b>Total emoluments</b>	<u><b>608</b></u>	<u><b>548</b></u>

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

The above compensation includes amounts payable to the Principal (also the Accounting Officer, who is the highest paid officer) of:

	2018 £'000	2017 £'000
Salaries	123	120
Pension contributions	<u>20</u>	<u>20</u>

**Notes to the Accounts (continued):****7 Other operating expenses**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Teaching costs	517	550
Non-teaching costs	1,487	1,328
Premises costs	911	850
	<u>2,915</u>	<u>2,728</u>
<b>Total</b>	<b><u>2,915</u></b>	<b><u>2,728</u></b>

**Other operating expenses include:**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Auditor's remuneration:		
Financial statements audit	21	21
Internal audit	14	15
Hire of assets under operating leases	72	56
	<u>72</u>	<u>56</u>

**8 Interest Payable**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
On bank loans, overdrafts and other loans:		
	70	26
Pension finance costs (note 25)	25 141	122
	<u>211</u>	<u>148</u>
<b>Total</b>	<b><u>211</u></b>	<b><u>148</u></b>

## Notes to the Accounts (continued):

9 Tangible fixed assets	Freehold Land and Buildings	Equipment	Total
	£'000	£'000	£'000
<b>Cost or valuation</b>			
At 1 August 2017	34,697	3,714	38,411
Additions	179	355	534
<b>At 31 July 2018</b>	<b>34,876</b>	<b>4,069</b>	<b>38,945</b>
Depreciation			
At 1 August 2017	10,460	2,743	13,203
Charge for the year	876	364	1,240
<b>At 31 July 2018</b>	<b>11,336</b>	<b>3,107</b>	<b>14,443</b>
<b>Net book value at 31 July 2018</b>	<b>23,540</b>	<b>962</b>	<b>24,502</b>
Net book value at 31 July 2017	24,237	971	25,208

The College's policy is to carry all assets at historic cost, except for inherited assets which are included on the balance sheet at valuations existing at 31 July 1999. The assets were valued on incorporation and have not been updated since.

If inherited land and buildings had not been valued, they would have been included at zero cost and zero net value based on cost.

The College has plans in place for the redevelopment of the Prince Regent Land Campus. Phase one of this project has now been completed.

No assets are held under finance leases.

**Notes to the Accounts (continued):****10 Debtors**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year:		
Trade receivables	100	96
Prepayments and accrued income	285	143
Other Debtors	37	40
<b>Total</b>	<b>422</b>	<b>279</b>

**11 Creditors: amounts falling due within one year**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Trade payables	179	371
Other taxation and social security	835	795
Accruals and deferred income	1,098	1,207
Other Creditors	150	157
Deferred income - government capital grants	275	289
Bank loans repayments within one year	162	-
<b>Total</b>	<b>2,699</b>	<b>2,819</b>

Accruals and deferred income includes £459k (2017: £435k) for employee holiday leave accruals.

**12 Creditors: amounts falling due after one year**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans	2,759	1,550
Deferred income - government capital grants	3,170	3,377
<b>Total</b>	<b>5,929</b>	<b>4,927</b>

**Maturity of Debt**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Bank Loan is repayable as follows		
< 1 year	162	1,550
1-2 years	167	-
2-5 years	534	-
> 5 years	2,058	-
	<b>2,921</b>	<b>1,550</b>

**Notes to the Accounts (continued):****13 Provisions**

	Defined benefit Obligations £'000	Other £'000	Total £'000
At 1 August 2017	5,388	47	5,435
Expenditure in the period			
Transferred from income and expenditure account	(856)	(11)	(867)
<b>At 31 July 2018</b>	<b><u>4,532</u></b>	<b><u>36</u></b>	<b><u>4,568</u></b>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 19.

**14 Cash and cash equivalents**

	At 1 August 2017 £'000	Cash flows £'000	At 31 July 2018 £'000
Cash and cash equivalents	1,194	1,657	2,851
<b>Total</b>	<b><u>1,194</u></b>	<b><u>1,657</u></b>	<b><u>2,851</u></b>

**15 Capital commitments**

	2018 £'000	2017 £'000
Commitments contracted for at 31 July	-	<u>903</u>

**16 Lease Obligations**

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

	2018 £'000	2017 £'000
<b>Other</b>		
Not later than one year	42	30
Later than one year and not later than five years	85	-
	<u>127</u>	<u>30</u>

**Notes to the Accounts (continued):****17 Contingent liabilities**

Phase 1 of the College's campus development was completed during 2016/17. The final balance is in dispute with the building contractor, who has claimed £1m. The College does not accept liability for the amounts claimed by the building contractor. The College has sought professional Advice including legal advice and, having taken account of this advice, has considered it necessary to make an additional provision of £100k.

**18 Events after the reporting period**

There are no events after the reporting period to report.

**19 Defined benefit obligations**

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by London Borough of Newham. Both are multi-employer defined-benefit plans.

<b>Total pension cost for the year</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Teachers Pension Scheme: contributions paid	708	703
Local Government Pension Scheme: Contributions paid	359	296
FRS 102 (28) charge	638	420
Charge to the Statement of Comprehensive Income	997	716
Enhanced pension charge to Statement of Comprehensive Income	-	-
<b>Total Pension Cost for Year</b>	<b>1,705</b>	<b>1,419</b>

Contributions amounting to £141k (2017: £148k) were payable to the schemes and are included in creditors.

**Teachers' Pension Scheme**

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

**Notes to the Accounts (continued):****19 Defined benefit obligations (continued)****The Teachers' Pension Budgeting and Valuation Account**

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

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

**Valuation of the Teachers' Pension Scheme**

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

- Employer contributions rates were set at 16.48% of pensionable pay
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay.

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

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

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

**Scheme Changes**

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

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

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

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

The pension costs paid to TPS in the year amounted to £708k (2017: £703k)



**Notes to the Accounts (continued)****19 Defined benefit obligations (continued)****FRS 102 (28)**

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by London Borough of Newham Local Authority. The total contribution made for the year ended 31 July 2018 was £515k, of which employer's contributions totalled £352k and employees' contributions totalled £164k. The agreed contribution rates for future years are 14.2% for employers and range from 5.5% to 12.5% cent for employees, depending on salary.

**Principal Actuarial Assumptions**

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2018 by a qualified independent actuary

	<b>At 31 July 2018</b>	<b>At 31 July 2017</b>
Rate of increase in salaries	3.85%	4.20%
Future pensions increases	2.35%	2.70%
Discount rate for scheme liabilities	2.70%	2.70%
Inflation assumption (CPI)	2.35%	2.70%
Commutation of pensions to lump sums	50%	50%

*\* Note that for 31 July 2018 the assumption for increases in salaries is 1.75% pa for the first 5 years, followed by 4.2% pa thereafter.*

**Principal Actuarial Assumptions**

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2018 by a qualified independent actuary

	<b>At 31 July 2018</b>	<b>At 31 July 2017</b>
Rate of increase in salaries*	3.85%	4.20%
Future pensions increases	2.35%	2.70%
Discount rate for scheme liabilities	2.70%	2.70%
Inflation assumption (CPI)	2.35%	2.70%
Commutation of pensions to lump sums	50%	50%

*\* Note that from 31 July 2018 the assumption for increases in salaries is 1.75% pa for the first 5 years, followed by 4.20% pa thereafter.*

## Notes to the Accounts (continued)

## 19 Local Government Pension Scheme (Continued)

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

	At 31 July 2018 years	At 31 July 2017 Years
<i>Retiring today</i>		
Males	22.7	22.5
Females	25.2	25.0
<i>Retiring in 20 years</i>		
Males	24.9	24.7
Females	27.5	27.4
	At 31 July 2018 £'000	At 31 July 2017 £'000
<b>Sensitivity analysis</b>		
Discount rate +0.1%	(413)	(411)
Discount rate -0.1%	423	422
Mortality assumption – 1 year decrease	563	562
Mortality assumption – 1 year increase	(583)	(581)
Pension increases +0.1%	(391)	(370)
Pension increases -0.1%	383	361
Salary increases +0.1%	(32)	(51)
Salary increases -0.1%	32	51

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

	Long-term rate of return expected at 31 July 2018	Fair Value at 31 July 2018	Long-term rate of return expected at 31 July 2017	Fair Value at 31 July 2017
		£'000		£'000
Equities	68%	8,255	68%	7,748
Bonds	9%	1,201	9%	985
Property	6%	1,164	6%	746
Cash	13%	439	13%	1,554
Other	4%	1,398	4%	509
<b>Total market value of assets</b>		<b>12,457</b>		<b>11,542</b>

**Notes to the Accounts (continued):****19 Defined benefit obligations (continued)****Local Government Pension Scheme (Continued)**

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

	2018 £'000	2017 £'000
Fair value of plan assets	12,457	11,542
Present value of plan liabilities	(16,989)	(16,930)
<b>Net pensions liability (Note 13)</b>	<b><u>(4,532)</u></b>	<b><u>(5,388)</u></b>

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

	2018 £'000	2017 £'000
<b>Amounts included in staff costs</b>		
Current service cost	997	716
<b>Total</b>	<b><u>997</u></b>	<b><u>716</u></b>

**Amounts included in interest payable**

Net interest charge	141	122
	<b><u>141</u></b>	<b><u>122</u></b>

**Amounts recognised in Other Comprehensive Income**

Return on pension plan assets	191	2,010
Changes in assumptions underlying the present value of plan liabilities	1,452	(1,985)
<b>Amount recognised in Other Comprehensive Income</b>	<b><u>1,643</u></b>	<b><u>25</u></b>

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

	2018 £'000	2017 £'000
Surplus/(deficit) in scheme at 1 August	(5,388)	(4,863)
Movement in year:		
Current service cost	(997)	(716)
Employer contributions	359	296
Net interest on the defined liability	(141)	(122)
Administrative expenses	(8)	(8)
Actuarial gain or loss	1,643	25
<b>Net defined benefit liability at 31 July</b>	<b><u>(4,532)</u></b>	<b><u>(5,388)</u></b>

**Notes to the Accounts (continued):****19 Defined benefit obligations (continued)****Asset and Liability Reconciliation****Changes in the present value of defined benefit obligations**

	2018	2017
	£'000	£'000
<b>Defined benefit obligations at start of period</b>	16,930	14,081
Current Service cost	997	716
Interest cost	458	363
Contributions by Scheme participants	166	150
Experience gains and losses on defined benefit obligations	-	493
Changes in financial assumptions	(1,452)	1,377
Estimated benefits paid	(110)	(365)
Change in demographic assumptions	-	115
Curtailments and settlements	-	-
<b>Defined benefit obligations at end of period</b>	<b>16,989</b>	<b>16,930</b>

**Reconciliation of Assets**

	2018	2017
	£'000	£'000
<b>Fair value of plan assets at start of period</b>	11,542	9,218
Interest on plan assets	317	241
Return on plan assets	191	1,038
Other actuarial gains	-	972
Employer contributions	359	296
Contributions by Scheme participants	166	150
Administrative expense	(8)	(8)
Estimated benefits paid	(110)	(365)
<b>Assets at end of period</b>	<b>12,457</b>	<b>11,542</b>

**20 Related party transactions**

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

The total expenses paid to or on behalf of the Governors during the year were £0.5k (2017: £ nil). No Governor has received any remuneration or waived payments from the College during the year (2017: None).

**Notes to the Accounts (continued):****21 Amounts disbursed as agent**

<b>Learner support funds</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Funding body grants – bursary support	767	752
Disbursed to students	(693)	(621)
Administration costs	(37)	(37)
Balance unspent as at 31 July, included in creditors	<u>37</u>	<u>94</u>

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

