St Helens College

ST HELENS COLLEGE

Report and Financial Statements

for the year ended 31 July 2016

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 2015/16:

Jette Burford, Principal and CEO; Accounting officer

Rob Molloy, Deputy Principal (Finance, Estates & ICT)

Brian Dean, Deputy Principal (Curriculum & Excellence)

Board of Governors

A full list of Governors is given on page 16 of these financial statements.

Mrs Christine Jones acted as Clerk to the Corporation throughout the period.

Professional advisers

Financial statements auditors and reporting accountants:
KPMG LLP
1 St Peter's Square
Manchester
M2 3AE

Internal auditors:
ICCA Education Training and Skills
11th Floor, McLaren House,
46 Priory Queensway,
Birmingham
B4 7LR

Bankers:
Lloyds Bank
13/15 Hardshaw Street
St Helens
WA10 1QZ

Solicitors:
Eversheds LLP
Eversheds House
70 Great Bridgewater Street
Manchester
M1 5ES

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Strategic Report

Legal status

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

The Corporation was incorporated as St Helens College of Arts and Technology. On 1 October 2001, the Secretary of State granted consent to the Corporation to change the College's name to St Helens College.

Mission

The College Mission Statement is "Delivering excellent education and skills for life and work" and is underpinned by the Statement of Aims:

1. to power the economic development and welfare of the local community, Liverpool City Region and the Northern Powerhouse by providing the skills employers and individuals need;
2. to build students' confidence and employability skills, including English and maths, through excellent careers advice and work experience resulting in progression to further study or sustainable employment;
3. to ensure successful education, training and personal, social, moral, cultural and spiritual development and welfare for each individual ensuring that they are well prepared for life in Britain today;
4. to achieve very high customer satisfaction from students, parents and stakeholders;
5. to inspire and challenge students, College staff and managers to excel in a supportive culture of high expectations, enterprise and innovation;
6. to provide excellent industry standard resources for students and staff motivating high performance and innovation in the teaching and learning process;
7. to lead in Employer – College partnerships for the benefit of all partners and the local community;
8. to be an inclusive college where fundamental British values are promoted and each individual is respected, valued and safeguarded;
9. to provide an enjoyable, safe, supportive and caring learning environment;
10. to provide outstanding value for money ensuring high quality education and training.

Public Benefit

St Helens College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all FE Corporations in England. The members of the Governing Body, who are trustees of the charity, are disclosed on page 16.

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. The College's Public Value Statement is below:

<u>Public Value Statement</u> (PVS)

The College seeks to add value to the social, economic and physical well-being of the communities that we serve by:

1. providing education and training in accordance with the College's mission, statement of aims and values which maximise the life and job prospects of the individuals and meet the needs of the employers and the communities in general;
2. raising aspirations of individuals and the communities by promoting prospects and celebrating success;
3. ensuring a broad curriculum offer with good progression routes from entry level;
4. promoting healthy life styles and good citizenship skills to all students and colleagues;
5. being responsive to the changing needs and circumstances;
6. actively listening to and engaging with the stakeholders of the College aiming to provide the best possible service;
7. being a respectful and responsible employer;
8. acting with corporate integrity in partnerships and in general.

Implementation of strategic plan

The College strategic plan covers the period to 2019. The Corporation monitors the performance of the College against these plans. The plans are reviewed and updated each year. The College's continuing strategic objectives are to:

CP 1 Prepare the College to reach outstanding status by 2017/18

CP 2 Build a national reputation for innovation in the use of ILT for teaching, learning and assessment

CP 3 Deliver an effective HR strategy to assist in the achievement of outstanding status and meeting the challenges of the financial climate

CP 4 Deliver the 2016/17 main income targets, including the grants, for which the EFA, SFA and HEFCE have allocated the College

CP 5 Further develop the College's employer engagement strategy to ensure that the College:

- regularly contracts with "big business" such as apprenticeship contracts for large employers;
- deliver the 2017/18 targets;
- develop a strategy to assist employers with the apprenticeship levy scheme
- develop a strategy to ensure that the College grows apprenticeship numbers by 50% by 2020;

CP 6 Retain good financial health in 2016/17 and beyond by continuing to review the College's cost base.

CP 7 Specific curriculum developments to include (see section 6):

- establish, in partnership with Knowsley College, the Northern Logistics Academy;
- continue to develop and implement the planned curriculum portfolio changes including HE, Higher Level Apprentices and Degree Apprenticeships;
- further expand the traineeship programmes for work-motivated students as a precursor for apprenticeships to above 100 traineeships (2016/17);
- all courses give students an employability or university route;
- continue the focus on value added scores;
- prepare for the potential changes of apprenticeship reforms including delivery of the new standards
- implement the changes to the contents and assessment of GCSEs and A Levels (first teaching in September 2016);
- extend the higher technical and professional provision tailored to meet the employer needs of "the Northern Powerhouse."

CP 8 Continue the excellent Student-College partnership model and excellent customer services

CP9 Maintain all accommodation, teaching, learning and business resources to a minimum of 'good' standard, including:

- further improve the University Centre St Helens;
- Introduction of a SMART LAB at the STEM Centre;
- introduce controlled employer and other community use of the College accommodation including business incubation

(This CP will be impacted by merger with a full estate review required)

CP 10 Continue to develop and implement the College's Contracts and Data Analysis Strategy:

- development of new systems to improve efficiency;
- further automate manual processes;
- quality assure processes to achieve 100% compliance and accurate and timely returns underpinning substantial assurance audit reports.

CP 11 Provide an excellent, holistic, effective and efficient student support service for all ages assisting students to successfully complete their studies and enter employment and to include the promotion of Safeguarding, Health and Safety, Equality and Diversity, PREVENT, British Values and social mobility.

CP12 Further enhance the College's reputation for academic achievement, progression to employment or further study and responsiveness to employer needs through marketing of college achievements and involvement in the Employment and Skills Board, the Liverpool City Region Combined Authority and Local Enterprise Partnership.

CP 13 Grow the College's market share locally and regionally rebuilding the College's turnover to above £35M by September 2017, eg through merger with Knowsley Community College. This is likely to be through merger.

CP 14 Explore the option of either becoming a standalone or integral part of an Institute of Technology (see Section 6). (This CP could be impacted upon by merger/area review).

Longer term Corporate Priority

CP 15 Continue to grow the College achieving an annual turnover of £50m by 2020.

FINANCIAL POSITION

Financial results

The Group generated a deficit before other gains and losses in the year of £155,000 (2014/15 – deficit of £304,000), with a total comprehensive income deficit of £8,586,000 (2014/15 - (£2,813,000).

The results include several items that have arisen from the adoption of the FRS102 reporting standard, which have impacted the College's financial results due to accounting changes, rather than underlying performance. These items include LGPS Pension figures of £652k (2014/15 - £484k) in the main deficit figure and a further £8,394k (2014/15 - £2,512k) in the total comprehensive income figure, a cost of £12k (2014/15 - £17k) due to the movement in the holiday pay accrual, and a reduction in deferred capital grant releases of £35k (2014/15 - £35k) all due to FRS102 changes.

The underlying financial results for the Group (excluding the above FRS102 impacts) show a surplus of £544k.

The Group has an accumulated reserve liability of £9,936k and cash and short term investment balances of £557k. The Group accumulates reserves and cash balances in order to create a contingency fund, and has sufficient cash resources for the foreseeable future.

Tangible fixed asset additions during the year amounted to £4,144k. This was split between land and buildings acquired of £3,737k and equipment purchased of £407k. In the main, this related to refurbishments to the College's STEM Centre, costing £5m over the last couple of years, and a refurbishment of the main campus library of £1m.

The Group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2015/16 the FE funding bodies provided 71% of the Group's total income.

The College has one subsidiary company, Skills Northwest Limited, which is a dormant company.

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 Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

Cash flows and liquidity

Net cash flow from operating activities was a reduction of £320k (2014/15 £207k). The overall net cashflow included the lump sum repayment of a £2.6m loan, significant investment in the College's estate, and the management of other resources.

The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cashflow. During the year this margin was comfortably exceeded.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

The College is a major provider of education and training at all levels from basic English and maths to full honours degrees, with nearly 8,000 students, 483 employees and nearly 600 employer links, the College plays a major role in the local community within St Helens and the surrounding area, the wider Liverpool City Region and the FE sector.

The College educates a wide variety of students preparing them for employment or further study. It comprises a range of students from the age of 14 through to adults, with students studying in a wide variety of FE and HE disciplines, allowing them to both meet and raise their own aspirations as well as fulfilling the needs of employers.

The FE Sector is currently going through a government-led review process that will ensure FE institutions have the size, scale and expertise to be financially resilient and sustainable entities. This is likely to result in there being fewer FE Colleges. The process is being conducted through Area Reviews based in each LEP area. The College has fully engaged with the Liverpool City Region Area Review and the need for Colleges to be of sufficient size to be viable in changing circumstances. It has been a longstanding priority of the College to grow back up to a turnover level of £35m and alongside the Area Review process the College has been looking for some time for a merger partner.

At the time of this report a process is underway with Knowsley Community College which may lead to a merger in early 2017 subject to public consultation and agreement with key stakeholders.

Benefits of the merger include:

- securing financial strength and sustainability through economies of scale
- developing the ability to make bigger investments for the benefit of all stakeholders
- increasing options for expanding provision
- maintaining local presence and identity
- improving responsiveness to local economic needs and demand from employers, learners and the communities
- providing enhanced opportunities and stability for staff

Academic Performance in 2015/16

The Principal, Senior Leaders and Governors have maintained their relentless focus on improving teaching, learning and assessment in order to impact on the student experience and outcomes. Continuing Professional Development (CPD) is very good and has impacted very positively on improving the quality of TLA and the student experience. The observation process of teaching staff is strengthened by rigorous external moderation. Importantly, for 2015/16 the proportion of outstanding teaching has increased and remains good, but not yet outstanding. The enhanced use of ILT and the CPD through a reflective and sharing best practice 'Marginal Gains' model has impacted positively on student 16-18 student outcomes. Further focused work to improve 16-18 teaching, learning and assessment in English and maths continues in 2016/17.

Staff performance remained effective through effective and timely performance management, with individual and corporate targets agreed and set at appraisals. Managers remained effective at following improvement and support processes for teachers and support staff who do not meet the College's standards.

The curriculum continued to be developed through extensive use of LMI and set against local and regional priorities. The Colleges curriculum offer remained broad and responsive and included new development in Higher Education and Logistics. For 16-18 students the curriculum has a clear line of sight to support progression to Higher Education and /or employment. Condition of funding has had a considerable impact on the College, with a significant increase in students re-sitting GCSE English and maths. Staffing and resourcing GCSE remained a challenge in 2015/16 and impacted on overall student achievement. English and maths GCSE outcomes are around the rates of similar providers. Maths remain an area of continued focus and intervention.

Performance outcomes for 2015/16 remained good, in particular a 5% improvement in overall achievement rates for 16-18 students, underpinned by very good performance at Level 1 and a 7% improvement at Level 3. Value Added remained very strong, with the College remaining in the top quartile. A Level pass rates improved in 2015/16 and the 14-16 Academy out turn resulted in very good outcomes, particularly student progress from their starting points.

19+ achievement declined slightly, attributed to the removal of short qualifications and the impact of English and maths. Overall Apprenticeship outcomes declined marginally, attributed to 24+ students in the Health and Social Care sector. The management and monitoring of apprenticeship performance has been strengthened for 2016/17.

Regarding quality assurance the College was subject to internal and external quality audits, with successful outcomes. Self- assessment and quality improvement planning is very effective, supporting good decision making and performance improvement. The student and stakeholder voice is excellent with high levels of satisfaction. Employer engagement is good through a responsive approach to a wide variety of strategic and operational partners.

Safeguarding continued to be highly effective with appropriate development for staff and students.

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. During the accounting period 1 August 2015 to 31 July 2016, the College paid 96.4 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Events after the end of the reporting period

The College Corporation agreed on the 4th November 2016 to proceed to the public and employee consultation phase of the proposed merger with Knowsley Community College following the completion of due diligence by both Colleges.

RESOURCES:

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

Tangible resources include the main college site, a £60 million building and four other college sites, which have had more than £7m invested in them over the last few years.

Financial

The College has £9 million of net liabilities (but including £24 million pension liability and £41m of deferred capital grants) and long term debt of £11 million.

People

The College employs 440 people (expressed as full time equivalents), of whom 237 are teaching staff.

Reputation

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

PRINCIPAL RISKS AND UNCERTAINTIES:

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation. This work included a review and redesign of the College's risk management policy, procedures and risk register to implement best practice.

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at the College level which is reviewed at least annually by the Audit Committee and more frequently where necessary. 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.

This is supported by a risk management training programme to raise awareness of risk throughout the College.

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

1 Government funding

The College has considerable reliance on continued government funding through the further education sector funding bodies and through HEFCE. In 2015/16, 71% of the College's revenue was ultimately publicly funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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

- Apprenticeship funding changes
- Government funding cuts
- Exit from the EU

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- By ensuring the College is rigorous in delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
- Regular dialogue with funding bodies

2 Tuition fee policy

Ministers have confirmed that the fee assumption remains consistent. In line with the majority of other colleges, St Helens College will seek to increase tuition fees in accordance with the fee assumptions. The risk for the College is that demand falls off as fees increase. This will impact on the growth strategy of the College.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students

- Close monitoring of the demand for courses as prices change

3 Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS 102. The latest Pension Scheme valuation was released in November 2016, which shows a real actuarial Pension deficit of £4.9m, which is 90% funded. This reduces the risk in comparison to the FRS102 reported figures, and the College is mitigating the remaining risk by close monitoring of cash reserves. The impact of the valuation on the College's contributions has been relatively small and is manageable within current operations.

STAKEHOLDER RELATIONSHIPS

In line with other colleges and with universities, St Helens College has many stakeholders. These include:

- Students;
- Education sector funding bodies;
- FE Commissioner;
- Staff;
- Local employers (with specific links);
- Local authorities;
- Local Enterprise Partnerships (LEPs);
- The local community;
- Other FE institutions;
- Trade unions;
- Professional bodies.

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

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 updated its access audit. Experts in this field conducted a full access audit during 2008/09, and the results of this formed the basis of funding capital projects aimed at improving access.

b) The College has appointed an Access Co-ordinator, who provides 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.

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 12/12/16 **and signed on its behalf by:**

....

Roy Clarke

Chair

Statement of Corporate Governance and Internal Control

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

The College endeavours to conduct its business:

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

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

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2016. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 19th 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.

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.

	Date of Appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance*
Roy Clarke	2013 - 2017	4 years		Chair	Resources (Chair); Remuneratio n (Chair); Search and	8 out of 8 meetings
Elaine Brocklehurst	2014 - 2018	4 years		Deputy Chair	Resources; Standards and	7 out of 8 meetings
Susan Jee	2013 – 2017	4 years		External Governor	Resources; Standards	7 out of 8 meetings
John Middlehurst	2014 – 2018	4 years		External Governor	Audit; Standards	7 out of 8 meetings
Nick Hall	2013 – 2017	4 years		External Governor	Resources	5 out of 8 meetings
Alexis Mason	2013 – 2017	4 years		External Governor		5 out of 8 meetings
Keith Sanderson	2013 – 2017	4 years		External	Audit;	4 out of 8
Phil Round	2015 – 2019	4 years		External	Resources;	8 out of 8
Diane Charnock	2014 – 2018	4 years		External Governor	Audit	4 out of 8 meetings
Jeanette Banks	2015-2019	4 years	July 2016	LA Governor		5 out of 6 meetings
Andy Bowden	2016 – 2020	4 years		LA Governor		1 out of 1
Nick Shore	2013 – 2017	4 years		External Governor	Audit; Search and	4 out of 8 meetings
Julie Heap	2014 – 2018	4 years		Staff Governor	Gamble Education Charity Trust	8 out of 8 meetings
Jette Burford	N/a	Ex-officio		Principal	Resources; Standards	8 out of 8 meetings
Tracey Litherland	2016 - 2017	1 year	July 2016	Student Governor		1 out of 8 meetings
Johanne Morris	2016 – 2017	1 year	July 2016	Student Governor		4 out of 8 meetings
*This date depicts the most recent date of re-appointment						

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 each term.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are finance and resources, remuneration, standards and audit. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website at www.sthelens.ac.uk or from the Clerk to the Corporation at:

St Helens College
Water Street
St Helens
Wessex
WA10 1PP

The Clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

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 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 Chairman and Accounting Officer 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

The Corporation has produced a self assessment report for 2015/16 and an action plan for 2016/17 covering the areas of oversight and leadership that it is responsible for. The Corporation will monitor progress against these items during 2016/17.

Remuneration Committee

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

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

Audit Committee

The Audit Committee comprises three members of the Corporation (excluding the Accounting Officer and Chair). The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal, reporting accountants and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

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 Committee also advises the Corporation on the appointment of internal, reporting accountants and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Corporation.

Internal control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between St Helens College and the funding bodies. She 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 ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in St Helens College for the year ended 31 July 2016 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 2016 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

The system of internal control is based on a framework of regular management information, 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.

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

Review of effectiveness

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

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

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

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

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

Going concern

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. See accounting policy section, page 35, for further detail.

Approved by order of the members of the Corporation on 12.12.16 and signed on its behalf by:

Roy Clarke	**Jette Burford**
Chair	**Principal and Accounting Officer**

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

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

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

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

Jette Burford ....

Jette Burford

Accounting Officer

Date: 12/12/16

....

Roy Clarke

Chair of Governors

Date: 12.12.16

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

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 Strategic 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 Skills Funding Agency / Education Funding Agency are used only in accordance with the Financial Memorandum with the Skills Funding Agency / Education Funding Agency and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the Skills Funding Agency / Education Funding Agency are not put at risk.

Approved by order of the members of the Corporation on 12/12/16 and signed on its behalf by:

....

Roy Clarke

Chair

Independent auditor's report to the Corporation of St Helens College

We have audited the Group and College financial statements ("the financial statements") of St Helens College for the year ended 31 July 2016 set out on pages 30 to 64. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the Corporation, as a body, in accordance with Article 21 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Corporation of St Helens College and Auditor

As explained more fully in the Statement of the Responsibilities of the Members of the Corporation set out on page 23, the Corporation is responsible for the preparation of financial statements which give a true and fair view.

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

Scope of the audit of the financial statements

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

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

Opinion on financial statements

In our opinion the financial statements:

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

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

Matters on which we are required to report by exception

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

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

Sue Suchoparek

Sue Suchoparek

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 St Peter's Square
Manchester
M2 3AE

Date: 19th December 2016

Reporting accountant's assurance report on regularity

To: The Corporation of St Helens College and Secretary of State for Business, Innovation and Skills acting through Skills Funding Agency

In accordance with the terms of our engagement letter dated 7 October 2015 and further to the requirements of the financial memorandum with Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by St Helens College during the period 1 August 2015 to 31 July 2016 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

Respective responsibilities of St Helens College and the reporting accountant

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

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

Approach

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

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

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

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

The work undertaken to draw our conclusion included:

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

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

Conclusion

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

Sue Suchoparek

Sue Suchoparek

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 St Peter's Square
Manchester
M2 3AE

Date: 19th December 2016

Consolidated Statements of Comprehensive Income

	Notes	Year ended 31 July 2016		Year ended 31 July 2015	
		Group £'000	College £'000	Group £'000	College £'000
INCOME					
Funding body grants	2	17,529	17,529	17,723	17,723
Tuition fees and education contracts	3	5,069	5,069	5,715	5,715
Other grants and contracts	4	178	178	269	269
Other income	5	1,503	1,503	1,582	1,591
Investment income	6	14	14	159	122
Donations and Endowments	7	-	1,074	-	-
Total income		**24,293**	**25,367**	**25,448**	**25,420**
EXPENDITURE					
Staff costs	8	16,368	16,368	16,188	16,188
Other operating expenses	9	5,074	5,074	6,179	6,143
Depreciation	12	1,926	1,926	2,306	2,306
Interest and other finance costs	10	1,079	1,079	1,063	1,063
Total expenditure		**24,447**	**24,447**	**25,736**	**25,700**
(Deficit)/surplus before other gains and losses		**(154)**	**920**	**(288)**	**(280)**
Profit / (Loss) on disposal of assets	12	3	3	(1)	(1)
Share of operating surplus/(deficit) in associate		(4)	-	(15)	-
(Deficit)/Surplus before tax		**(155)**	**923**	**(304)**	**(281)**
Taxation	11	-	-	-	-
(Deficit)/surplus for the year		**(155)**	**923**	**(304)**	**(281)**
Unrealised surplus on revaluation of assets		(37)	(37)	3	3
Actuarial loss in respect of pensions schemes	25	(8,394)	(8,394)	(2,512)	(2,512)
Total Comprehensive Income for the year		**(8,586)**	**(7,508)**	**(2,813)**	**(2,790)**

Consolidated and College Statement of Changes in Reserves

	Income and expenditure account	Restricted reserves	Total
Group			
Balance at 1st August 2014	1,429	34	1,463
Surplus/(deficit) from the income and expenditure account	(304)		(304)
Other comprehensive income	(2,512)	3	(2,509)
Transfers between revaluation and income and expenditure reserves			
Total comprehensive income for the year	(2,816)	3	(2,813)
Balance at 31st July 2015	(1,387)	37	(1,350)
Surplus/(deficit) from the income and expenditure account	(155)		(155)
Other comprehensive income	(8,394)	(37)	(8,431)
Transfers between revaluation and income and expenditure reserves			
Total comprehensive income for the year	(8,549)	(37)	(8,586)
Balance at 31 July 2016	(9,936)	-	(9,936)
College			
Balance at 1st August 2014	302	34	336
Surplus/(deficit) from the income and expenditure account	(281)		(281)
Other comprehensive income	(2,512)	3	(2,509)
Transfers between revaluation and income and expenditure reserves			
Total comprehensive income for the year	(2,793)	3	(2,790)
Balance at 31st July 2015	(2,491)	37	(2,454)
Surplus/(deficit) from the income and expenditure account	923		923
Other comprehensive income	(8,394)	(37)	(8,431)
Transfers between revaluation and income and expenditure reserves			
Total comprehensive income for the year	(7,471)	(37)	(7,508)
Balance at 31 July 2016	(9,962)	-	(9,962)

Balance sheets as at 31 July

	Notes	Group	College	Group	College
		2016	2016	2015	2015
		£'000	£'000	£'000	£'000
Non current assets					
Tangible Fixed assets	12	67,590	67,590	65,785	65,785
Investments	13	27	41	63	72
		67,617	**67,631**	**65,848**	**65,857**
Current assets					
Stocks		29	29	31	31
Trade and other receivables	14	1,389	1,389	916	918
Cash and cash equivalents	20	557	557	7,433	6,356
		1,975	**1,975**	**8,380**	**7,305**
Less: Creditors – amounts falling due within one year	16	(5,219)	(5,259)	(8,324)	(8,362)
Net current assets / (liabilities)		**(3,244)**	**(3,284)**	**56**	**(1,057)**
Total assets less current liabilities		**64,373**	**64,347**	**65,904**	**64,800**
Creditors – amounts falling due after more than one year	17	(50,427)	(50,427)	(52,254)	(52,254)
Provisions					
Defined benefit obligations	19	(23,882)	(23,882)	(14,836)	(14,836)
Other provisions	19	-	-	(164)	(164)
Total net assets / (liabilities)		**(9,936)**	**(9,962)**	**(1,350)**	**(2,454)**
Restricted reserves					
Principal's Fund Reserve		-	-	37	37
Unrestricted Reserves					
Income and expenditure account		(9,936)	(9,962)	(1,387)	(2,491)
Revaluation reserve					
Total reserves		**(9,936)**	**(9,962)**	**(1,350)**	**(2,454)**

The financial statements on pages 30 to 64 were approved and authorised for issue by the Corporation on 2/12/16 and were signed on its behalf on that date by:

Roy Clarke

Chair

Jette Burford

Principal / Accounting Officer

Consolidated Statement of Cash Flows

	Notes	2016	2015
		£'000	£'000
Cash flow from operating activities			
(Deficit) for the year		(155)	(304)
Adjustment for non-cash items			
Depreciation	12	596	896
(Increase)/decrease in stocks		2	(5)
(Increase)/decrease in debtors	14	(191)	(273)
Increase/(decrease) in creditors due within one year	16	(1,215)	(931)
Increase/(decrease in creditors due after one year	17	(368)	(368)
Increase/(decrease) in provisions	19	(164)	(60)
Pensions costs less contributions payable	25	652	402
Share of operating surplus/(deficit) in associate		4	15
Taxation		-	-
Adjustment for investing or financing activities			
Investment income	6	(14)	(159)
Interest payable	10	536	579
Taxation paid		-	-
Loss on sale of fixed assets	12	(3)	1
Net cash flow from operating activities		**(320)**	**(207)**
Cash flows from investing activities			
Proceeds from sale of fixed assets		418	-
Disposal of non-current asset investments	13	32	-
Capital grants received		743	88
Investment income	6	14	159
Withdrawal of deposits		-	-
New deposits		-	-
Payments made to acquire fixed assets		(3,962)	(3,075)
		(2,755)	**(2,828)**
Cash flows from financing activities			
Interest paid	10	(546)	(579)
Interest element of finance lease rental payments		-	-
New unsecured loans		-	-
Repayments of amounts borrowed	17	(3,255)	(778)
Capital element of finance lease rental payments		-	-
		(3,801)	**(1,357)**
Increase / (decrease) in cash and cash equivalents in the year		**(6,876)**	**(4,392)**
Cash and cash equivalents at beginning of the year	20	7,433	11,825
Cash and cash equivalents at end of the year	20	557	7,433

Notes to the Accounts

1. Statement of accounting policies and estimation techniques

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

Basis of preparation

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

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

Transition to the 2015 FE HE SORP

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

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

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

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

- Revaluation as deemed cost – at 1st August 2014, the College has retained the carrying values of freehold properties as being deemed cost and measured at fair value
- The College has taken advantage of the exemptions provided in FRS 102 1.12 and the 2015 FE HE SORP 3.3, and has not included a separate statement of its own cash flows. These cash flows are included within the Consolidated Statement of Cash Flows, and the College balance sheet discloses cash at both the current and preceding reporting dates.

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiary, Skills Northwest Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. All financial statements are made up to 31 July 2016. The financial results of the College's associate company, Waterside Training Ltd, are consolidated on a share of the profit or loss for the College financial year. As the Waterside financial year is to 31st March, management accounts are used to calculate the share for the College year end.

Going concern

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

The results include several items that have arisen from the adoption of the FRS102 reporting standard, which have impacted the College's financial results due to accounting changes, rather than underlying performance. These items include LGPS Pension figures of £652k (2014/15 - £484k) in the main deficit figure and a further £8,394k (2014/15 - £2,512k) in the total comprehensive income figure, a cost of £12k (2014/15 - £17k) due to the movement in the holiday pay accrual, and a reduction in deferred capital grant releases of £35k (2014/15 - £35k) all due to FRS102 changes.

The underlying financial results for the Group (excluding the above FRS102 impacts) show a surplus of £544k.

The balance sheet position has also been significantly impacted by the FRS102 changes, with the main impacts being the move of deferred capital grants from reserves to liabilities, which has increased the College's liabilities in the balance sheet by around £40m to a net liability position. This, however, is not a true reflection of the position as the deferred capital grants are not repayable creditors, therefore the true position would be a net asset balance of £30,933k.

The College currently has £11m of loans outstanding with bankers on terms negotiated at a number of points in the last few years. 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.

The principal risks to going concern are potential breach of loan covenants and adequate cash balances to service the College's operations. The College manages and mitigates these risks through close monitoring of financial performance, and a strong relationship and communication with the bank around financial strength, cash reserves and future plans, which includes access to a credit facility with the bank, negotiated if and when required.

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

Recognition of income

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

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

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

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

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

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

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 difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

The FRS 102 valuation of the LGPS pension scheme gives rise to a deficit recognised in the Balance sheet of £23.8m. The Actual deficit of the LGPS scheme (based on its actual combination of assets and liabilities) is a deficit of £4.9m with the scheme being 90% funded.

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 cost or 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:

- Buildings – 50 years
- Major Refurbishments – 20 years
- Minor Refurbishments – 10 years

Freehold land is not depreciated.

Freehold buildings are depreciated over their expected useful economic life to the College of 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of 20 years, and minor adaptions over 10 years.

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

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

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

Assets under construction

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

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:

- technical equipment 4 years
- motor vehicles 4 years
- computer equipment 4 years
- furniture, fixtures and fittings 4 years

Borrowing costs

Borrowing costs 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 1st August 2014 are spread over the minimum lease term. The College has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1st August 2014.

Investments

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Investments in associates

Investments in associates are recognised initially in the consolidated Balance Sheet at the transaction price and subsequently adjusted to reflect the group's share of total comprehensive income and equity of the associate, less any impairment.

Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition, although treated as goodwill, is presented as part of the investment in the associate. Amortisation is charged so as to allocate the cost of goodwill over its estimated useful life, using the straight-line method. Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the College has incurred legal or constructive obligations or has made payments on behalf of the associate.

Investments in associates are accounted for at cost less impairment in the individual financial statements.

Other investments

Listed investments held as non-current assets and current asset investments, which may include listed investments, are stated at fair value, with movements recognised in Comprehensive Income. Investments comprising unquoted equity instruments are measured at fair value, estimated using a valuation technique.

Inventories

Inventories are stated at the lower of their cost (using the first in first out method) and net realisable value, being selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow-moving and defective items.

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 Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Group 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.

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 partially exempt in respect of Value Added Tax, so that it can only recover around 2% of 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.

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

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 a 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 group's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

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

2 Funding body grants

	Year ended 31 July		Year ended 31 July	
	2016	2016	2015	2015
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent grants				
Skills Funding Agency	4,886	4,886	5,590	5,590
Education Funding Agency	10,315	10,315	9,721	9,721
Higher Education Funding Council	897	897	959	959
Specific grants				
Free School Meals	100	100	121	121
Releases of government capital grants	1,331	1,331	1,332	1,332
Total	**17,529**	**17,529**	**17,723**	**17,723**

3 Tuition fees and education contracts

	Year ended 31 July		Year ended 31 July	
	2016	2016	2015	2015
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	1,084	1,084	985	985
Apprenticeship fees and contracts	436	436	282	282
Fees for FE loan supported courses	680	680	902	902
Fees for HE loan supported courses	2,835	2,835	3,211	3,211
International students fees	-	-	1	1
Total tuition fees	5,035	5,035	5,381	5,381
Education contracts	34	34	334	334
Total	**5,069**	**5,069**	**5,715**	**5,715**

4 Other grants and contracts

	Year ended 31 July		Year ended 31 July	
	2016	2016	2015	2015
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other grants and contracts	178	178	269	269
Total	**178**	**178**	**269**	**269**

5 Other income

	Year ended 31 July		Year ended 31 July	
	2016	2016	2015	2015
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	470	470	522	522
Other income generating activities	281	281	326	326
Other grant income	-	-	-	9
Non-government capital grants	-	-	-	-
Miscellaneous income	752	752	734	734
Total	**1,503**	**1,503**	**1,582**	**1,591**

6 Investment income

	Year ended 31 July		Year ended 31 July	
	2016	2016	2015	2015
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other interest receivable	14	14	159	122
	14	**14**	**159**	**122**
Net return on pension scheme (note 25)	-	-	-	-
Total	**14**	**14**	**159**	**122**

7 Donations – College only

	2016	2015
	£'000	£'000
Gamble Educational Trust	1,074	-
Total	**1,074**	**-**

8 Staff costs – Group and College

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

	2016	2015
	No.	No.
Teaching staff	237	230
Non-teaching staff	203	215
	440	**445**

Staff costs for the above persons

	2016	2015
	£'000	£'000
Wages and salaries	12,947	13,015
Social security costs	969	904
Other pension costs	2,428	2,241
	16,344	16,160
Payroll sub total		
Contracted out staffing services	24	28
	16,368	16,188
Fundamental restructuring costs – Contractual	-	-
- Non contractual	-	-
Total Staff costs	**16,368**	**16,188**

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 post holders of the College which comprises the Principal, Deputy Principal (finance, Estates & ICT), and Deputy Principal (Curriculum & Excellence). Staff costs include compensation paid to key management personnel for loss of office.

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

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

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

	Key management personnel		Other staff	
	2016	2015	2016	2015
	No.	No.	No.	No.
£60,001 to £70,000 p.a.			2	2
£70,001 to £80,000 p.a.				
£80,001 to £90,000 p.a.	2	2		
£90,001 to £100,000 p.a.				
£100,001 to £110,000 p.a.				
£110,001 to £120,000 p.a.				
£120,001 to £130,000 p.a.		1		
£130,001 to £140,000 p.a.	1			
	3	**3**	**2**	**2**

Key management personnel emoluments are made up as follows:

	2016	2015
	£'000	£'000
Salaries	296	283
Benefits in kind	4	4
	300	287
Pension contributions	46	38
Total emoluments	**346**	**325**

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

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

	2016	2015
	£'000	£'000
Salaries	131	126
Benefits in kind	2	2
	133	128
Pension contributions	21	18
Total emoluments	**154**	**146**

Compensation for loss of office paid to former key management personnel

No payments were made to former key management personnel for loss of office.

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

9 Other operating expenses

	2016 Group £'000	2016 College £'000	2015 Group £'000	2015 College £'000
Teaching costs	1,850	1,850	1,961	1,961
Non-teaching costs	1,843	1,843	2,728	2,692
Premises costs	1,381	1,381	1,490	1,490
Total	**5,074**	**5,074**	**6,179**	**6,143**

Other operating expenses include:	**2016 £'000**	**2015 £'000**
Auditors' remuneration:		
Financial statements audit*	28	23
Internal audit**	11	15
Other services provided by the financial statements auditor	3	-
Other services provided by the internal auditors	-	-
Hire of assets under operating leases	49	75
Payments to subcontractors	260	926

* includes £28k in respect of the College (2014/15 £22k)

** includes £11k in respect of the College (2014/15 £15k)

10 Interest and other finance costs – Group and College

	2016	2015
	£'000	£'000
On bank loans, overdrafts and other loans:	536	579
Pension finance costs (note 25)	543	484
Total	**1,079**	**1,063**

11 Taxation – Group only

	2016	2015
	£'000	£'000
United Kingdom corporation tax at 20 per cent	-	-
Total	**-**	**-**

12 Tangible fixed assets (Group & College)

	Land and buildings		Equipment	Total
	Freehold	Long leasehold		
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2015	86,958	1,261	6,699	94,918
Additions	3,737	-	407	4,144
Disposals	(3,201)	-	(3,917)	(7,118)
At 31 July 2016	**87,494**	**1,261**	**3,189**	**91,944**
Depreciation				
At 1 August 2015	22,939	412	5,781	29,133
Charge for the year	1,488	50	388	1,926
Elimination in respect of disposals	(2,787)	-	(3,917)	(6,704)
At 31 July 2016	**21,640**	**462**	**2,252**	**24,354**
Net book value at 31 July 2016	**65,854**	**799**	**937**	**67,590**
Net book value at 31 July 2015	64,018	849	918	65,785

13 Non-current investments

	Group 2016 £'000	College 2016 £'000	Group 2015 £'000	College 2015 £'000
Investments in subsidiary companies	-	41	-	41
Investments in associate companies	27	-	32	-
Other non-current asset investments	-	-	31	31
Total	**27**	**41**	**63**	**72**

The College owns 100 per cent of the issued ordinary £1 shares of Skills Northwest Limited, a company incorporated in England and Wales, and 44 per cent of the issued ordinary £1 shares of Waterside Training Limited, a company incorporated in England and Wales. Skills Northwest Limited is a dormant company. The principal activity of Waterside Training Limited is the delivery of training for individuals and companies in the engineering industry.

14 Debtors

	Group 2016 £'000	College 2016 £'000	Group 2015 £'000	College 2015 £'000
Amounts falling due within one year:				
Trade receivables	480	480	365	365
Amounts owed by group undertakings:				
Subsidiary undertakings	-	-	-	2
Associate undertakings	31	31	16	16
Prepayments and accrued income	593	593	532	532
Other debtors	285	285	3	3
Total	**1,389**	**1,389**	**916**	**918**

15 Current investments

	Group 2016 £'000	College 2016 £'000	Group 2015 £'000	College 2015 £'000
Short term deposits	-	-	-	-
Total	**-**	**-**	**-**	**-**

Deposits 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. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

16 Creditors: amounts falling due within one year

	Group 2016 £'000	College 2016 £'000	Group 2015 £'000	College 2015 £'000
Bank loans and overdrafts	673	673	3,255	3,255
Trade payables	453	453	1,090	1,089
Amounts owed to group undertakings:				
Subsidiary undertakings	-	40	-	39
Associate undertakings	10	10	27	27
Other taxation and social security	394	394	410	410
Accruals and deferred income	918	918	1,150	1,150
Deferred income - government capital grants	1,857	1,857	1,367	1,367
Amounts owed to the SFA/EFA	164	164	165	165
Other creditors	750	750	860	860
Total	**5,219**	**5,259**	**8,324**	**8,362**

17 Creditors: amounts falling due after one year

	Group 2016 £'000	College 2016 £'000	Group 2015 £'000	College 2015 £'000
Bank loans	10,799	10,799	11,472	11,472
Deferred income - government capital grants	39,012	39,012	39,798	39,798
Other creditors	616	616	984	984
Total	**50,427**	**50,427**	**52,254**	**52,254**

18 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Group 2016 £'000	College 2016 £'000	Group 2015 £'000	College 2015 £'000
In one year or less	673	673	3,255	3,255
Between one and two years	1,302	1,302	1,367	1,367
Between two and five years	1,642	1,642	1,681	1,681
In five years or more	7,855	7,855	8,424	8,424
Total	**11,472**	**11,472**	**14,727**	**14,727**

19 Provisions

	Group and College		
	Defined benefit obligations	Other	Total
	£'000	£'000	£'000
At 1 August 2015	14,836	164	**15,000**
Expenditure in the period	-	(164)	**(164)**
Additions in period	9,046		**9,046**
At 31 July 2016	**23,882**	**-**	**23,882**

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

Other provisions related to a potential clawback from the SFA from a historic contract.

20 Cash and cash equivalents

	At 1 August 2015	Cash flows	Other changes	At 31 July 2016
	£'000	£'000	£'000	£'000
Cash and cash equivalents	7,433	(6,876)	-	557
Overdrafts	-	-	-	-
Total	**7,433**	**(6,876)**	**-**	**557**

21 Capital and other commitments

	Group and College	
	2016	2015
	£'000	£'000
Commitments contracted for at 31 July	237	1,353

22 Lease obligations

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

	Group and College	
	2016	2015
	£'000	£'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	64	64
Later than one year and not later than five years	318	318
Later than five years	1,408	1,472
	1,790	1,854
Other		
Not later than one year	64	64
Later than one year and not later than five years	128	192
Later than five years	-	-
	192	256

23 Contingent liabilities

The College has no known contingent liabilities.

24 Events after the reporting period

There are no events after the reporting period, however the College Corporation agreed on the 4th November 2016 to proceed to the public and employee consultation phase of the proposed merger with Knowsley Community College following the completion of due diligence by both Colleges

25 Defined benefit obligations

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

Total pension cost for the year		**2016**		**2015**
		£000		**£000**
Teachers' Pension Scheme: contributions paid		1,192		1,053
Local Government Pension Scheme:				
Contributions paid	1,131		1,272	
FRS 102 (28) charge	109		(84)	
Charge to the Statement of Comprehensive Income		1,240		1,188
Enhanced pension charge to Statement of Comprehensive Income		-		-
Total Pension Cost for Year within staff costs		**2,432**		**2,241**

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

Contributions amounting to £262,000 (2015: £254,000) were payable to the schemes at 31st July and are included within creditors.

Teachers' Pension Scheme

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

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

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

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

Scheme Changes

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

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

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

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

The pension costs paid to TPS in the year amounted to £1,192,000 (2015: £1,053,000).

FRS 102 (28)

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Wirral MBC Local Authority. The total contributions made for the year ended 31 July 2016 were £1,423,000, of which employer's contributions totalled £1,131,000 and employees' contributions totalled £292,000. The agreed contribution rates for future years are 15.5% for employers and range from 5.5% to 12.5% for employees, depending on salary.

Principal Actuarial Assumptions

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

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

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

	At 31 July 2016 years	**At 31 July 2015** years
Retiring today		
Males	22.5	22.4
Females	25.4	25.3
Retiring in 20 years		
Males	24.9	24.8
Females	28.2	28.1

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

		Fair Value at 31 July 2016		Fair Value at 31 July 2015
		£'000		£'000
Equity instruments		25,560		26,122
Government bonds		2,239		5,998
Other bonds		5,745		2,260
Property		3,992		3,738
Cash		1,801		1,260
Other		9,347		4,086
Total fair value of plan assets		**48,684**		**43,464**
Weighted average expected long term rate of return	**11%**		**8.9%**	
Actual return on plan assets		**5,362**		**3,889**

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

	2016	2015
	£'000	£'000
Fair value of plan assets	**48,684**	**43,464**
Present value of plan liabilities	**(72,566)**	**(58,300)**
Net pensions (liability)/asset (Note 19)	**(23,882)**	**(14,836)**

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

	2016	2015
	£'000	£'000
Amounts included in staff costs		
Current service cost	(1,099)	(1,064)
Administration expenses	(23)	(24)
Effect of curtailments	(118)	(100)
Total	**(1,240)**	**(1,188)**
Amounts included in finance costs		
Net interest cost	(543)	(484)
	(543)	**(484)**

Amount recognised in Other Comprehensive Income

Return on pension plan assets		
Experience losses arising on defined benefit obligations		
Changes in assumptions underlying the present value of plan	(8,394)	(2,512)
Amount recognised in Other Comprehensive Income	**(8,394)**	**(2,512)**

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

	2016 £'000	2015 £'000
Net defined benefit (liability)/asset in scheme at 1 August	(14,836)	(11,924)
Movement in year:		
Current service cost	(1,099)	(1,064)
Employer contributions	1,131	1,272
Administration expenses	(23)	(24)
Effect of curtailments	(118)	(100)
Past service cost		
Net interest on the defined (liability)/asset	(543)	(484)
Actuarial gain or loss	(8,394)	(2,512)
Net defined benefit (liability)/asset at 31 July	**(23,882)**	**(14,836)**

Asset and Liability Reconciliation

	2016 £'000	2015 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	58,300	51,517
Current service cost	1,099	1,064
Interest cost	2,192	2,187
Contributions by Scheme participants	292	310
Experience gains and losses on defined benefit obligations	-	-
Changes in financial assumptions	12,106	4,698
Estimated benefits paid	(1,541)	(1,576)
Past Service cost	-	-
Curtailments and settlements	118	100
Defined benefit obligations at end of period	**72,566**	**58,300**

Changes in fair value of plan assets

Fair value of plan assets at start of period	43,464	39,593
Interest on plan assets	1,649	1,703
Return on plan assets	3,712	2,186
Employer contributions	1,131	1,272
Contributions by Scheme participants	292	310
Administration expenses	(23)	(24)
Estimated benefits paid	(1,541)	(1,576)
Fair value of plan assets at end of period	**48,684**	**43,464**

26 Related party transactions

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

The total expenses paid to or on behalf of the Governors during the year was £nil; nil governors (2015: £nil; nil governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2015: None).

Waterside Training Limited – an associate of St Helens College

Purchase transactions in the year amounted to £152,000 (2015 – 157,000). The balance outstanding at the year end was £10,000 (2015 – £27,000)

Sales transactions in the year amounted to £160,000 (2015 – £171,000). The balance outstanding at the year end was £31,000 (2015 – £16,000)

27 Amounts disbursed as agent

	2016	2015
	£'000	£'000
Funding body grants – bursary support	607	733
Funding body grants – discretionary learner support	459	519
Funding body grants – residential bursaries	-	-
Other Funding body grants	-	-
Interest earned	-	-
	1,066	1,252
Disbursed to students	(1,016)	(1,144)
Administration costs	(46)	(53)
Balance unspent as at 31 July, included in creditors	4	55

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.

28 Transition to FRS 102 and the 2015 FE HE SORP

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

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

	Note	1st August 2014		31st July 2015	
		Group	College	Group	College
		£'000	£'000	£'000	£'000
Financial Position					
Total reserves under previous SORP		1,441	214	(1,328)	(2,432)
Employee leave accrual	(a)	(87)	(87)	(105)	(105)
Release of non-government capital grants	(b)	109	109	83	83
Changes to measurement of net finance cost on defined benefit plans	(c)				
Total effect of transition to FRS 102 and 2015 FE HE SORP		22	22	(22)	(22)
Total reserves under 2015 FE HE SORP		1,463	236	(1,350)	(2,454)

		Year ended 31st July 2015	
		Group	College
		£'000	£'000
Financial performance			
Surplus for the year after tax under previous SORP		(2,769)	(2,746)
Movement in employee leave accrual	(a)	(18)	(18)
Release of non-government grants	(b)	-	-
Reversal of capital grants amortisation	(b)	(26)	(26)
Pensions provision – actuarial loss		579	579
Changes to measurement of net finance cost on defined benefit plans	(c)	(579)	(579)
Total effect of transition to FRS 102 and 2015 FE HE SORP		(44)	(44)
Total comprehensive income for the year under 2015 FE HE SORP		(2,813)	(2,790)

a) Recognition of short term employment benefits

No provision for short term employment benefits such as holiday pay was made under the previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. The annual leave year runs to 31st August each year for both teaching and non-teaching staff meaning that, at the reporting date, there was an average of 3.8 days unused leave for teaching staff and 3.4 days unused leave for non-teaching staff. The cost of any unused entitlement is recognised in the period in which the employee's services are received. An accrual of £87k was recognised at 1 August 2014, and £105k at 1 August 2015. Following a re-measurement exercise in 2015/16, the movement on this provision of £12k has been charged to Comprehensive Income in the year ended 31 July 2016.

b) Non-government grants accounted for under performance model

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

c) Change in recognition of defined benefit plan finance costs

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

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

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