

Calderdale College
Financial statements
For the year ended 31 July 2016

Information

Address: Francis Street
HALIFAX
West Yorkshire
HX1 3UZ

Key Management Personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2015/16.

Principal: John Rees
Deputy Principal (Finance and Resources): Denise Cheng-Carter
Vice Principal (Learning and Achievement): Rachael Hennigan

Members: Peter Clark (Chair)
Charlotte Grace
Janet Tyas
Greg O'Shea
Fiona Armer
Malcolm Rogers
Rachel Court
Letitia Ingham
Bailey Casson
Mark Donaldson
Richie Dunk

Lesley Venables acted as Clerk to the Corporation through the period.

Bankers: Lloyds TSB Bank plc
7th Floor
6/7 Park Row
LEEDS
LS1 1NX

Internal auditors: KPMG LLP
Chartered Accountants
1 The Embankment
Neville Street
LEEDS
LS1 4DW

Information

Financial statement auditors and reporting accountants: Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
2 Broadfield Court
SHEFFIELD
S8 0XF

Solicitors: Ford & Warren
Westgate Point
Westgate
LEEDS
LS1 2AX

Chadwick Lawrence
32A Bull Close Lane
HALIFAX
HX1 2EF

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Report of the Members of the Corporation (including the Operating and Financial Review)

The members of the Corporation submit their report for the year ended 31 July 2016.

Legal Status

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

Mission

The mission of the College is:

"Inspiring learners to succeed in life and in work."

Public Benefit

Calderdale College is an exempt charity under the Part 3 of the Charities Act 2011 and from 1 September 2013 to 20 October 2016 was regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all FE Corporations in England, after which responsibility was transferred to the Secretary of State for Education.

The members of the Corporation, who are trustees of the charity, are disclosed on pages 11, 12 and 13.

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

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

- High-quality teaching and learning
- Widening participation and tackling social exclusion
- Excellent employment and progression opportunities for students
- Strong student support systems
- Links with employers, industry and commerce"

Implementation of Strategic Plan

In July 2015 the Board approved the College's 3 year strategy for 2015 to 2018 and the key targets for 2015/16.

The key ambitions of the College fall into the five top level priorities:

1. A Destination Focused Learner Experience
2. A 'Skills for Jobs' FE Curriculum
3. A Skills Service to Employers (Apprenticeships)
4. Higher Technical & Professional Skills
5. Innovation and Efficiency

Report of the Members of the Corporation (including the Operating and Financial Review)

Implementation of Strategic Plan (continued)

Financial objectives and Key Performance Indicators

The Corporation's financial objective is to generate and maintain surpluses sufficient to:

- Deliver the strategy.
- Re-invest in improving the teaching resources and building stock.
- Provide resilience against unforeseen changes in the Corporation's finances.

The financial objectives are to be achieved through a combination of:

- Maximising SFA and EFA funded activity within the overall funding constraints which apply to the sector as a whole.
- The continuing development of alternative sources of income.
- A continuing process of increasing efficiency and improving value for money.
- Effective cash flow management and budgetary controls.

Financial Position

Financial Results

The College generated a deficit before other comprehensive income in the year of £512,000 (2014/15: deficit of £283,000) after pension charges calculated in accordance with FRS 102 section 28 of £632,000 (2014/15: £498,000).

The College's balance sheet shows net current liabilities of £123,000. The College has a significant cash balance at the end of the year and is forecast to maintain this throughout 2016/17.

The College's current ratio has fallen to 0.99 (2014/15: 1.26). Cash days in hand are 144 days (2014/15: 227 days) with the reduction due to increased expenditure on assets and a decrease in payments in advance.

The College's systems of internal financial controls and resources remain strong and effective as evidenced through both internal and external audit visits.

Tangible fixed asset additions during the year amounted to £5,858,000. This was made up of £314,000 of equipment purchases £13,000 on freehold land and buildings and £5,531,000 assets in the course of construction.

The College has significant reliance on the Skills Funding Agency and Education Funding Agency for its principal funding sources. In 2015/16 the SFA and EFA provided 80.2% of the College's total income (2014/15: 80.1%).

Subsidiary Companies

All the subsidiary companies, (Calderdale Catering Limited, Calderdale Associates Limited, Halifax New College Limited and Step Training Limited) remained dormant during this financial year.

Report of the Members of the Corporation (including the Operating and Financial Review)

Treasury management 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.

Cash flows

There was a £5,784,000 cash outflow (2014/15: £1,357,000 outflow). The net cash flow resulted from the purchase of tangible fixed assets of £5,858,000, receipt of Capital Grants of £2,225,000, a reduction in payments received in advance of £2,080,000 and repayments of loans of £161,000.

Current and Future Development and Performance

Learner numbers

In 2015/16 the College received £10,433,000 in Skills Funding Agency and Education Funding Agency main allocation funding (2014/15: £11,817,000) and a further £2,033,000 for Employer Responsive funding. A total of £212,000 was received in relation to the College's Higher Education provision. The College had 4,857 SFA/EFA funded students and 898 students funded by other sources.

Learner achievements

Overall success rates for our learner responsive learners in 2015/16 was 82.4% (2014/15: 82.7%). Apprentices overall success was at 73.5% (2014/15: 54.3%). Success for HE students rose to 74% in 2015/16 (2014/15: 59.1%).

Student achievements

The overall achievement rate for our students on education and training (FE) provision in 2015/16 was 82.5%, which is broadly in line with the previous year, despite a significant change in the mix and balance of English and maths provision within the study programme. Outcomes for students aged 16-18 compare favourably to national rates, whilst outcomes for adults remain just below the national rate for this age group. The achievement rate of Apprentices overall was 72.5%, which was a 19.7% point increase from the previous year. This improvement is reflected across all age groups and levels of provision and demonstrates the effectiveness of the College's approach to securing improvement. Students on full-time and apprenticeship programmes demonstrate an extremely broad range of additional successes beyond the requirements of their course, which supports them to make positive progression to the next stage of their learning or in their careers. Achievement rates for HE students rose to 74% in 2015/16 and demonstrate a positive three year trend.

Curriculum developments

The College continued to develop its curriculum offer by undertaking a series of consultation events with employers in the region. This has informed both programme content and curriculum design and will be used to inform a full strategic curriculum review in the coming year. The employer engagement and external funding teams provide a highly responsive service to business and employers by helping them to review their organisational training needs and providing solutions. This responsive approach was recognised in-year through being shortlisted for the AoC Beacon Award for College Engagement with Employers.

Report of the Members of the Corporation (including the Operating and Financial Review)

The College recognises the major priority to successfully develop students' English and mathematics as essential employability skills and has restructured its provision in this area of work to ensure experienced and specialist staff are in place to lead this agenda.

The College has successfully negotiated a contract extension to deliver the LEP Skills Service, a major programme to deliver bespoke training to SME's in priority sectors across the City Region, for a further period. In response to the region's skills plan, the College has also partnered with others in West Yorkshire to formally establish a new joint venture through the West Yorkshire Consortium of Colleges. This company will serve as the collaborative model through which the colleges can provide a cohesive and coordinated response to the region's skills priorities.

In addition, the College has separately continued to develop its capacity to secure and deliver skills contracts in other regions through its extensive and well-regarding partnership model. This has resulted in an extremely busy period of bid preparation and submission towards the end of the 2015/16 year.

Capital Redevelopment

The current Unlocking Potential project is near completion and will deliver a full refurbishment of the main, 1958 constructed Percival Whitley Centre (PWC) teaching block, including the creation of:

- An Advanced Engineering & Manufacturing teaching resource and new Digital & Creative Media Centres
- A new Life Sciences Centre; including Health, Social Care & Early Years
- A new Learning Resources Centre to provide an expanded LRC facility incorporating Skills Training & on-line learning facilities to address our educational priorities particularly in respect of maths & English and to extend our capacity to support a high quality blended learning model

This Project incorporates Active Learning Zones on all 3 floors which are capable of supporting different approaches to curriculum delivery. This will include multiple groups with different staffing models, achieving greater efficiency in delivery.

In addition, the project has seen the replacement of all existing windows, significantly improving energy efficiency and reducing running costs.

Future developments

The College will continue to prioritise its links with employers, to support growth in the volume, range and quality of its technical education offer, including apprenticeships. Strategic employer relationships are central to the development of the College's 14-19 curriculum to ensure that it is sharply focussed on preparing learners for future employment.

The College is actively engaged in preparing for the implementation of the major reforms to apprenticeships nationally, including the levy and the transfer to new standards. College leaders and managers have a specialist group tasked with ensuring all aspects of the reform programme are addressed successfully during 2017. This is leading to an expanded offer of higher level apprenticeships in particular.

Report of the Members of the Corporation (including the Operating and Financial Review)

The College was also involved in the Area Based Review programme, being one of those in scope for the wave one review in West Yorkshire. The review concluded that the College should remain as an independent, stand-alone institution and in doing so, recognised the sound finances of the College. A number of recommendations were contained in the report, which supports the College in its ambition to be a strong and active partner in collaborative projects. One of these concerns the College's desire to work more closely with its peers in Kirklees and Wakefield to ensure that a clear and coherent higher skills offer above level 4 is developed, serving the skills needs of the regional economy.

In 2016/17, the College anticipates a significant increase in its externally funded activity following the procurement of regional skills programmes to support learners in work and those at risk of redundancy.

Resources

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

Financial

The College has £95,000 of net assets (net of a £11,491,000 pension liability) and long term debt of £4,915,000.

People

The College employs 406 people (expressed as full time equivalents), of whom 199 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 partnerships.

Physical

The College has physical assets in the form of land and buildings to the value of £24,348,000 and equipment with a net book value of £568,000.

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.

The College produced its latest risk register in October 2016, in which the risks to the achievement of its strategic objectives for the period were identified and prioritised. These risks were identified from a number of sources including the College's strategic plans and self-assessment reports, key financial information, minutes of Governors' and Committee meetings and other relevant sector guidance and information.

The College's internal audit plan is risk-based and the risk register is the key document for risk management within the College.

Report of the Members of the Corporation (including the Operating and Financial Review)

The following risks were identified as being 'significant' to the College achieving its objectives and are accompanied by a summary of performance against the said risk.

1. Impact of reduction in public funding (Direct and Indirect)

The Government Policy on deficit reduction resulting in cuts to education and general spending has clearly shown that funding for the sector is going to be reduced through areas such as the reduction of the teaching grant in HEFCE funding, the withdrawal of funding for 19+ level 3 education and the increased importance of 19+ learners paying fees. Many of the changes and their effect on recruitment cannot be fully quantified but it is clear that adult learners and colleges will be affected by the changes.

This risk is to be mitigated in a number of ways:

- The College has strong financial management and planning in place.
- Forward planning to manage resources, realigning from areas where the College has anticipated funding reductions to areas where there is scope for expansion.
- The continuing good relationships between the College and the Local Authority, the SFA, the EFA and other stakeholders.
- Structure to support opportunities for future growth in – HE loans, full cost, professional studies and apprenticeships.
- Formation of LEP Skills Service.
- The formation of the West Yorkshire Consortium of Colleges Joint Venture.

2. Failure to achieve planned income

The College faces many challenges that could prevent it from achieving its planned income. These can be seen in both the declining 16-18 cohort and the increasing competition from both school sixth forms and other further education colleges and training providers. As such students have many choices as to where they study, these may be influenced by factors such as quality of provision, range of provision offered, perceived value of a qualification from a set provider and even the facilities offered by an establishment. The same questions will also be raised by employers as to where they will invest in their staff training needs.

This risk is mitigated in a number of ways:

- Continued and improved curriculum planning and monitoring by the College Leadership and Management Team.
- Curriculum Forum including Engaging with Employers.
- Retention strategy with key actions.
- Financial Performance, Efficiency and Recruitment Group supported by sub-groups.
- Funding is derived through a number of direct and indirect contractual arrangements.
- Considerable focus and investment placed on efficient and effective marketing recruitment and admissions.
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.

Report of the Members of the Corporation (including the Operating and Financial Review)

Stakeholder relationships

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

- Students.
- Funding bodies including the SFA, the EFA and HEFCE.
- Staff.
- Local employers and employer bodies.
- Calderdale Council.
- The Leeds City Region LEP and The Skills Network
- Lloyds Banking Group (Commercial Banking)
- Local primary and secondary schools.
- HE partners including The Open University, Leeds Beckett University and the University of Huddersfield.
- Community and voluntary groups such as the North Halifax Partnership and Halifax Opportunities Trust.
- Other FE institutions via the West Yorkshire Consortium of Colleges.
- Trade unions in the form of UCU, UNISON and ATL.
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with all stakeholders. Partnership working on specific projects or issues is a highly valued part of the College's activity.

Equal opportunities and employment of disabled persons

Calderdale College is committed to ensuring equality of opportunity for all who learn and work here. It respects and values positively differences in race, gender, sexual orientation, gender reassignment, disability, religion or belief, marriage or civil partnership, pregnancy and maternity, economic and social background, and age. The College strives vigorously to remove conditions which place people at a disadvantage and will actively combat discrimination. This policy will be resourced, implemented and monitored on a planned basis.

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

Report of the Members of the Corporation (including the Operating and Financial Review)

Disability Statement

The College seeks to achieve the objectives set down in the Equality Act 2010 and in particular makes the following commitments:

- As part of its accommodation strategy the College continues to ensure all students can access its buildings and facilities.
- To provide access to specialist equipment and technology to enable all students to succeed and remove any barriers to learning wherever possible.
- The College has a fair and transparent admissions policy for all students. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- The College has an Equality, Diversity and Inclusion co-ordinator whose role is to raise awareness and inclusivity throughout the college.
- Significant investment has been made in appointing specialist lecturers and learning support assistants to support students with learning difficulties and/or disabilities.
- Continuing programme of staff development to a high level of appropriate support for students who have learning difficulties and/or disabilities. Assistive Technology is available in specific classrooms, the Learning Centre Learning Pod and Skillzone where there is an Assistive Technology Support Officer to support and guide staff and students.
- Specialist programmes are described in programme information guides.
- Achievements and destinations are recorded and published in the standard College format.
- Counselling and welfare services are described in the College Student Guide which is issued to students together with the complaints and disciplinary procedures.
- The College complies fully with the Special Educational Needs and Disability (SEND) reforms.

Staff and Student Involvement

The College considers good communication with its staff to be very important. There is an effective communication strategy, which includes whole College and departmental staff meetings, a new online staff news blog and regular corporate emails (with a weekly newsletter from the Principal/CEO). Staff are encouraged to express their views and ideas through the Moodle facility.

Formal representation of staff is undertaken through the recognised trade unions. Two staff and two student governors are elected by their peers. Each year students are invited to give feedback to the College through learner satisfaction surveys, the course representative system and focus groups. The Learner Voice strategy is supported and facilitated through the Learner Involvement Officer who work closely with representatives from the elected Student Union.

Creditor Payment Policy

The College recognises the importance to all businesses and organisations of the prompt payment of sums due. The College seeks to negotiate appropriate settlement terms which take account of suppliers' requirements where appropriate. Generally the College operates a policy of settling properly authorised invoices at the end of the month following the date of transaction.

Corporation Tax

The Corporation is an exempt charity and is not liable to corporation tax except on certain non-charitable activities.

Report of the Members of the Corporation (including the Operating and Financial Review)

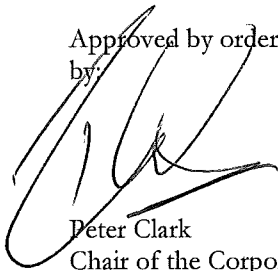
Disclosure of Information to Auditors

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.

Auditor

Grant Thornton UK LLP offer themselves for reappointment as auditor.

Approved by order of the members of the Corporation on 15 December 2016 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'Peter Clark', written over the printed name.

Peter Clark
Chair of the Corporation

Corporate governance statement incorporating the statement of internal control

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.

As a recipient of public funding the College endeavours to conduct its business to the highest standards of corporate governance:

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

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the AoC's Code of Good Governance. It has not adopted and therefore does not apply the UK Corporate Governance Code. However, the College has reported on its Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code it considers to be relevant to the further education sector and best practice.

In the opinion of the Governors, the College has complied with all the provisions of the Code in 2015/16. The Corporation 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.

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 Board during the year and up to the date of signature of this report were as follows:

Name	Date of Appointment	Term of office	Date of resignation	Status of appointment	Committees served
Fiona Armer	20.12.2012 13.02.2014 20.10.2016	To 31.07.2013 To 31.07.2016 4 years		External	Audit (Chair from 8.10.2015)
Bailey Casson	14.07.2016	1 year		Student	Learner
Peter Clark	28.03.2013 01.08.2015	To 31.07.2015 3 years		External	Audit (from 01.08.2013 to 22.10.2015); Learner (Chair from 03.04.2014); Search & Governance (from 01.08.2016); Senior Staff Employment (from 01.08.2015); Chair of the Corporation from 01.08.2016

Corporate governance statement incorporating the statement of internal control

The Corporation (continued)

Name	Date of Appointment	Term of office	Date of resignation	Status of appointment	Committees served
Rachel Court	22.05.2015	3 years		External	Search & Governance (Chair from 24.09.2015), Financial Performance & Efficiency (from 15.10.2015)
Mark Donaldson	01.08.2016	4 years		External	Audit
Richie Dunk	20.10.2016	4 years		External	Financial Performance & Efficiency; Learner
Charlotte Grace	21.10.2011 01.08.2014	To 31.07.2014 3 years		External	Senior Staff Employment, Audit (from 22.10.2015)
Ainsley Hamilton	12.02.2016	1 year	31.07.2016	Student	Learner
Simon Hannah	24.10.2014 01.08.2015	3 years 3 years	26.02.2016	Student External	Learner (from 24.10.2014 to 22.10.2015), Financial Performance & Efficiency (from 15.10.2015 to 26.02.2016)
Lettitia Ingham	12.02.2016 14.07.2016	1 year 1 year		Student	Learner
Nick Johnson	22.05.2015	3 years	30.09.2016	External	Learner (from 22.05.2015 to 22.10.2015), Audit (from 22.10.2015 to 30.09.2016)
Sarah Jones	01.08.2011 01.08.2014 } 22.10.2015 } 20.10.2016	3 years 3 years 1 year 1 year		External External Co-opted Non-Governor	Audit (Chair from 20.09.2012 to 08.10.2015), Learner (from 03.04.2014 to 22.10.2015)
Lynne MacKenzie	01.08.2002 01.08.2005 01.08.2008 01.08.2011 01.08.2014 01.08.2015	3 years 3 years 3 years 3 years 1 year 1 year	31.07.2016	External	Search and Governance (Chair to 24.09.2015), Senior Staff Employment, Learner. Chair of the Corporation to 31.07.2016
Shaffiq Mahmood	01.08.2009 01.08.2012 01.08.2015	3 years 3 years 3 years	31.05.2016	External	Financial Performance & Efficiency (from 03.12.2009 to 31.05.2016; Chair from 15.10.2015 to 26.02.2016), Senior Staff Employment (from 22.10.2015 to 31.05.2016); Search & Governance (from 24.09.2015 to 31.05.2016).
Julie McClelland	21.10.2010 01.08.2013	3 years 3 years	31.07.2016	External	Senior Staff Employment, (Chair from 01.07.2012 to 31.07.2016) Financial Performance & Efficiency (from 15.10. 2015 to 29.02.2016); Audit (from 01.03.2016 to 31.07.2016)

Corporate governance statement incorporating the statement of internal control

The Corporation (continued)

Name	Date of Appointment	Term of office	Date of resignation	Status of appointment	Committees served
Greg O'Shea	01.08.2014	3 years		Staff	Learner
Derrick Palmer	13.02.2014	To 31.07.2016	13.09.2015	External	Audit (from 13.02.2014 to 13.09.2015)
John Rees	01.04.2015	In Post		Principal	Search and Governance, Learner.
Malcolm Rogers	22.05.2015	3 years		External	Financial Performance & Efficiency (from 15.10.2015; Chair from 25.02.2016)
Janet Tyas	01.08.2012 01.08.2015	3 years 3 years		Staff	Audit, Search and Governance.
Andrew Wright	12.02.2016	3 years	19.09.2016	External	Financial Performance & Efficiency (from 12.02.2016 to 19.09.2016)
Roy Everett	04.04.2014 01.08.2015	To 31.07.2015 3 years		Co-opted Non-Governor	Learner (from 04.04.2014)
Diane Cothey	01.08.2016	1 year		Co-opted Non-Governor	Learner

Lesley Venables acted as Clerk to the Corporation throughout 2015/2016.

Corporate governance statement incorporating the statement of internal control

In 2015/2016 levels of governor attendance were as follows:

	Board		Audit		FP&E		Learner		Search & Gov		SSEC		Overall
	A	P	A	P	A	P	A	P	A	P	A	P	
Fiona Armer	6	7	3	4									82%
Peter Clark	7	7	1	1			4	4	1	1	2	2	100%
Rachel Court	6	7			4	5			6	6			89%
Charlotte Grace	5	7	3	3							2	2	83%
Simon Hannah	5	5			2	3							88%
Nick Johnson	4	7	2	3									60%
Lynne MacKenzie	7	7					4	4	6	6	2	2	100%
Shaffiq Mahmood	5	6			4	4			1	4			71%
Julie McClelland	5	7	1	2	3	5					2	2	79%
Greg O'Shea	5	7					3	4					73%
John Rees	6	7			5	5	4	4	6	6			95%
Malcolm Rogers	5	7			5	5							83%
Janet Tyas	6	7	4	4					6	6			94%
Andrew Wright	1	2					1	2					50%
Ainsley Hamilton	0	2					0	2					0%
Lettitia Ingham	1	2					1	2					50%
Roy Everett							3	4					75%
Sarah Jones	0	1	3	4									60%

(A indicates actual attendance and P indicates possible attendance)

Transparency arrangements

Full minutes of all meetings are available on the College's website or from the Clerk to the Corporation at:

Calderdale College
Francis Street
Halifax
West Yorkshire
HX1 3UZ

A register of financial and personal interests of the governors is maintained by the Clerk and is available for inspection at the above address.

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

Corporate governance statement incorporating the statement of internal control

Conduct of Corporation Business

The Corporation is provided with regular and timely reports on the overall performance of the College including financial information, performance against funding targets, proposed capital expenditure, quality and personnel issues, health and safety and environmental issues.

The Corporation meets at least once in each term.

The Corporation conducts its business through a number of committees, each of which has detailed terms of reference that are, approved by the Corporation. These committees were: Audit, Financial Performance & Efficiency (from 15 October 2015), Learner, Search & Governance and Senior Staff Employment. Task and Finish Groups are formed for specific functions.

All governors are able to obtain independent professional advice in furtherance of their duties at the College's expense and have access to the independent Clerk to the Corporation, who is responsible for ensuring compliance with all applicable procedures and regulations. The appointment, grading, 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 Corporation and committee meetings. Briefings are also provided on an ad-hoc basis.

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

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

Appointments to the Corporation

Any new governor appointments are approved by the Corporation on the recommendation of the Search & Governance Committee. The latter is responsible for the recruitment and selection of any new governor for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate induction and training is provided as required.

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

Senior Staff Employment Committee

Throughout the year ended 31 July 2016, the Corporation's Senior Staff Employment Committee comprised four members. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other senior post-holders.

Details of the remuneration of senior post-holders for the year ended 31 July 2016 are set out in notes 7 and 8 to the Financial Statements.

Corporate governance statement incorporating the statement of internal control

Audit Committee

The Audit Committee comprises four members of the Corporation and one co-opted non-governor. The membership excludes the Principal and the Chair. The Committee operates in accordance with written terms of reference approved by the Corporation, which align to the requirements of the Joint Audit Code of Practice. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance processes.

The Audit Committee meets four times a year and receives reports from the College's internal and financial statement auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the SFA/EFA as they affect the College's business.

The College's internal auditors monitor the systems of internal control, risk management and governance processes in accordance with an agreed plan and report their findings to management and to the Audit Committee.

Management is responsible for the implementation of agreed audit recommendations and internal audit undertake periodic follow-up reviews to ensure that any such recommendations have been implemented. The Audit Committee receives regular reports on implementation to ensure that this is timely and effective.

The Audit Committee also advises the Corporation on the appointment and reappointment of internal and financial statements auditors and their remuneration for both audit and non-audit work, based on satisfactory levels of performance.

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 the 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 the Principal is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between the College and the Skills Funding Agency. The Principal 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 Calderdale College for the year ended 31 July 2016 and up to the date of approval of the annual report and accounts.

Corporate governance statement incorporating the statement of internal control

Internal Control (continued)

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 through the Audit Committee.

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 scheme of delegation and accountability. In particular, it includes:

- Comprehensive budgeting systems with an annual budget, which is agreed and reviewed by the Corporation.
- Regular review by the Corporation of periodic and annual financial reports which assess actual 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.

The College has an internal audit service, which operates in accordance with the requirements of the 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. Annual internal audit plans are based on this analysis and are approved by the Corporation on the recommendation of the Audit Committee. At minimum annually, the Head of Internal Audit (HIA) provides the Corporation with a report on internal audit activity in the College including 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. The Principal's review of the effectiveness of the system of internal control is informed by:

- The work of the internal auditors.
- The work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework.
- Comments made by the College's financial statements auditors, the regularity auditors and the appointed funding auditors in their management letters and other reports.

The Principal has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Audit Committee which oversees the work of the internal auditor. A plan to address any 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.

Corporate governance statement incorporating the statement of internal control

Internal Control (continued)

The senior management team and the Audit Committee also receive regular reports from internal audit, 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 receives an annual report on risk and control issues through the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2016 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2016 by considering documentation from the senior management team and internal audit, and taking account of events that had occurred since 31 July 2016.

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

Going Concern

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

The College currently has £5,083,000 of loans outstanding with bankers on terms negotiated in 2010. The terms of the existing agreement are for up to another 20 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.

Accordingly the College has a reasonable expectation that it has adequate resources to continue to adopt the going concern basis in the preparation of its Financial Statements.

Approved by order of the members of the Corporation on ~~15 December~~ 2016 and signed on its behalf by:



Peter Clark
Chair of the Corporation



John Rees
Accounting Officer

Corporate governance statement incorporating the statement of internal control

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 its consideration the Corporation has had due regard to the requirements of the financial memorandum.

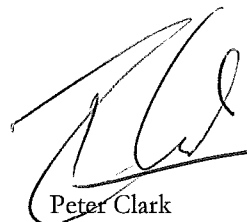
We confirm on behalf of the Corporation, that after due enquiry, and *to the best of our knowledge*, we are able to identify any material irregular or improper use of funds by the College, or material non-compliance with the Skills Funding Agency's terms and conditions of funding under the College's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

We further 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.



John Rees
Accounting Officer

15 December 2016



Peter Clark
Chair of the Corporation

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 / Education 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 (SFA) and the Education Funding Agency (EFA) and which give a true and fair view of the state of affairs of the College for that year.

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

- select suitable accounting policies and apply them consistently
- make judgements and accounting 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 Report of the members of the Corporation 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 SFA/EFA are used only in accordance with the Financial Memorandum with the SFA/EFA 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 and Education Funding Agency are not put at risk.

Signed on behalf of the Corporation



Peter Clark

Chair of the Corporation

15th December 2016



Independent Auditor's Report to the Corporation of Calderdale College

We have audited the financial statements of Calderdale College for the year ended 31 July 2016 which comprise statement of comprehensive income, the statement of changes in reserves, the balance sheet, the statement of cash flows and the related notes. 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 College's Corporation, as a body, in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the College's Corporation those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's Corporation as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Corporation and auditor

As explained more fully in the Statement Responsibilities of the Corporation set out on page 20, the College's 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2016 and of its deficit of income over expenditure for the year then ended in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education issued in March 2014.

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 issued by the Skills Funding Agency and Education Funding Agency requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the 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.

CL MA UK UW

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Sheffield

20 December 2016



Reporting accountant's assurance report on regularity to the Corporation of Calderdale College and Secretary of State for Education acting through Skills Funding Agency

In accordance with the terms of our engagement letter dated 12 September 2016 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 Calderdale 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 June 2016. In accordance 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 Calderdale College, as a body, and the Skills Funding Agency, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of Calderdale College and Skills Funding Agency those matters we are required to state in a limited assurance 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 Calderdale College as a body, and Skills Funding Agency as a body, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Calderdale College and the reporting accountant

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

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

Approach

We conducted our engagement in accordance with the Joint Audit Code of Practice issued jointly by 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.



Reporting accountant's assurance report on regularity to the Corporation of Calderdale College and Secretary of State for Education acting through Skills Funding Agency

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 includes:

- an assessment of the risk of material irregularity and impropriety across the College's activities;
- evaluation of the processes and controls established and maintained in respect of regularity and propriety for the use of public funds through observation of the arrangements in place and enquiries of management;
- consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance and that included in the self-assessment questionnaire (SAQ); and
- limited testing, on a sample basis, of income and expenditure for the areas identified as high risk and included on the SAQ.

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.

Grant Thornton UK LLP
Chartered Accountants
Sheffield
20 December 2016

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
Income			
Funding body grants	2	15,573	17,408
Tuition fees and education contracts	3	2,357	2,287
Other grants and contracts	4	358	672
Other income	5	821	753
Investment income	6	58	73
Total income		19,167	21,193
Expenditure			
Staff costs	7	(13,024)	(13,864)
Other operating expenses	9	(5,328)	(6,167)
Depreciation	12	(841)	(982)
Interest and other finance costs	10	(486)	(463)
Total expenditure		(19,679)	(21,476)
Deficit for the year		(512)	(283)
Actuarial loss in respect of pension schemes		(3,707)	(957)
Total Comprehensive Income for the year		(4,219)	(1,240)

College Statement of Changes in Reserves

	Income and expenditure account £'000	Revaluation reserve £'000	Total £'000
Balance at 1 August 2014	(493)	6,044	5,551
Deficit from the income and expenditure account	(283)	-	(283)
Other comprehensive income	(957)	-	(957)
Transfers between revaluation and income and expenditure reserves	111	(111)	-
Balance at 31 July 2015	(1,622)	5,933	4,311
Deficit from the income and expenditure account	(512)	-	(512)
Other comprehensive income	(3,707)	-	(3,707)
Transfers between revaluation and income and expenditure reserves	110	(110)	-
Total comprehensive income for the year	(4,109)	(110)	(4,219)
Balance at 31 July 2016	(5,731)	5,823	92

Balance Sheet

	Note	2016 £'000	2015 £'000
Non current assets			
Tangible assets	12	<u>24,916</u>	<u>19,902</u>
Current assets			
Stocks		4	7
Trade and other receivables	14	1,211	836
Cash		<u>7,494</u>	<u>13,278</u>
		<u>8,709</u>	<u>14,121</u>
Creditors: amounts falling due within one year	15	<u>(8,832)</u>	<u>(11,407)</u>
Net current liabilities		<u>(123)</u>	<u>2,714</u>
Total assets less current liabilities		<u>24,793</u>	<u>22,616</u>
Creditors: amounts falling due after more than one year	16	<u>(13,207)</u>	<u>(11,150)</u>
Provisions			
Other provisions – defined benefit obligations	19	<u>(11,491)</u>	<u>(7,152)</u>
Total net assets		<u>95</u>	<u>4,314</u>
Reserves			
Restricted reserves		<u>3</u>	<u>3</u>
Unrestricted reserves			
Income and expenditure accounts		(5,731)	(1,622)
Revaluation reserve		<u>5,823</u>	<u>5,933</u>
Total unrestricted reserves		<u>92</u>	<u>4,311</u>
Total funds		<u>95</u>	<u>4,314</u>

The financial statements were approved and authorised for issue by the Corporation on 15 December 2016 and were signed on its behalf by:


Peter Clark
Chair of the Corporation

John Rees
Accounting
Officer



The accompanying accounting policies and notes on pages 28 to 49 form an integral part of these financial statements.

Statement of Cash Flows

	Note	2016 £'000	2015 £'000
Cash inflow from operating activities			
Deficit for the year		(512)	(283)
Adjustment for non-cash items			
Depreciation		841	982
Decrease in stocks		3	3
Increase in debtors		(375)	1,503
Decrease in creditors due within one year		(2,582)	(2,627)
Increase in creditors due after one year		2,225	(188)
Pension costs less contributions payable		632	498
Adjustment for investing or financing activities			
Investment income		(58)	(73)
Interest payable		240	245
Loss on disposal of fixed assets		3	6
Net cash outflow from operating activities		<u>417</u>	<u>66</u>
Cash flows from investing activities			
Payments made to acquire fixed assets		(5,858)	(1,098)
Investment income		58	73
		<u>(5,800)</u>	<u>(1,025)</u>
Cash flows from financing activities			
Interest paid		(240)	(245)
Repayments of amounts borrowed		(161)	(157)
		<u>(401)</u>	<u>(402)</u>
Decrease in cash and cash equivalents in the year		<u>(5,784)</u>	<u>(1,361)</u>
Cash and cash equivalents at end of the year		<u>7,494</u>	<u>13,278</u>

The accompanying accounting policies and notes on pages 28 to 49 form an integral part of these financial statements.

Notes to the financial statements

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 are prepared in accordance with the Statement of Recommended Practice (SORP): 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.

The financial statements are presented in Sterling (£).

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 policies 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 the 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 25.

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.

Basis of accounting

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

Notes to the financial statements

1 Statement of accounting policies and estimation techniques (continued)

Going Concern

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

The College currently has £5,083,000 of loans outstanding with bankers on terms negotiated in 2010. The terms of the existing agreement are for up to another 20 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.

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

Recognition of income

The recurrent grant from HEFCE represents the funding allocations attributable to the current financial year and is credited direct to the income and expenditure account.

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 recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult 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 a reconciliation and is therefore not subject to contract adjustments.

Non-recurrent grants from the funding councils or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Income for tuition fees is recognised in the period which it is received and includes all fees chargeable to students or their sponsors.

Income from grants, contracts and other services rendered is included to the extent the conditions of the funding have been met or the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs.

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

Income from restricted purpose endowment funds not expended in accordance with the restrictions of the endowment in the period, is transferred from the income and expenditure account to accumulated income within endowment funds.

Maintenance of premises

The Corporation has a ten year planned maintenance programme which is reviewed on an annual basis. The costs of carrying out planned maintenance are charged in the year in which they are incurred. The cost of routine corrective maintenance is charged to the income and expenditure account in the period it is incurred.

Notes to the financial statements

1 Statement of accounting policies and estimation techniques (continued)

Accounting for post-employment benefits

Post-employment benefits for most employees of the Corporation are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (West Yorkshire Pension Fund) ("WYPF"). These are defined benefit schemes, 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 within the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in note 19, 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 scheme and the contributions recognised as an expense in the income statement as they are paid each year.

The WYPF is a funded scheme. The assets of the WYPF are measured using closing fair values. WYPF liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The 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.

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

Land and buildings

The Corporation's buildings are specialised buildings and therefore it is not appropriate to value them on the basis of open market value. Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the Corporation of 50 years.

Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Notes to the financial statements

1 Statement of accounting policies and estimation techniques (continued)

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 included on the balance sheet at valuation existing at 31 July 1999 but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment.

Equipment

Equipment costing less than £500 per individual item is written off to the income and expenditure account in the period of acquisition (unless part of a larger annual replenishment, for example, computer equipment or furniture). Equipment inherited from the Local Education Authority is included in the balance sheet at valuation, but has subsequently been written down to nil value. All other equipment is capitalised at cost.

All equipment acquired since incorporation is depreciated on a straight line basis over 4 years, representing its estimated economic life.

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

Assets under construction

Assets under construction are accounted for at cost, based on the value of architect's 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 depreciation on the relevant basis.

Leased assets

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding council capital equipment grants, the associated assets are designated as grant-funded assets.

Investments

Fixed assets investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value.

Inventories

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

Notes to the financial statements

1 Statement of accounting policies and estimation techniques (continued)

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 of the 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 a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the costs of tangible fixed assets by nature.

Cash and cash equivalents

Cash including cash in hand and sums on short term deposits with recognised banks and building societies and government securities. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Provisions

Provisions are recognised when the Corporation 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 of the financial statements.

Agency arrangements

The College acts as an agent in the collection and payment of discretionary support funds. Related payment received from the SFA/EFA and subsequent disbursements to students are excluded from the Income and Expenditure account of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction and are shown separately in note 24, except for the 5% of the grant received which is available to the Corporation to cover administration costs relating to the grant.

The Corporation acts as an agent in the running of both the Skills Enhancement Fund project and the Work Place Learning project. Related payment received from the SFA and subsequent disbursements to project partners are excluded from the Income and Expenditure account and are shown separately in note 24, except for the part of the grant received which is available to the Corporation to cover administration costs relating to the running of the project.

Notes to the financial statements

1 Statement of accounting policies and estimation techniques (continued)

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 (historic cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the College has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

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 disposed 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 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 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 on the pension liability.

2 Funding council grants

	Total 2016 £'000	Total 2015 £'000
Recurrent grants		
Skills Funding Agency	4,778	5,187
Education Funding Agency	7,688	8,066
Higher Education Funding Council	201	285
Specific grants		
Skills Funding Agency	2,700	3,664
Release of government capital grants	206	206
	<u>15,573</u>	<u>17,408</u>

Notes to the financial statements

3 Tuition fees and education contracts

	2016 £'000	2015 £'000
Adult education fees	424	406
Apprenticeship fees and contracts	21	30
Fees for HE loan supported courses	1,285	1,114
Fees for FE loan supported courses	477	562
Total tuition fees	<u>2,207</u>	<u>2,112</u>
Education contracts	<u>150</u>	<u>175</u>
	<u>2,357</u>	<u>2,287</u>

4 Other grants and contracts

	2016 £'000	2015 £'000
European Funds	33	393
National funds	<u>325</u>	<u>279</u>
	<u>358</u>	<u>672</u>

5 Other income

	2016 £'000	2015 £'000
Other income generating activities	412	422
Miscellaneous income	<u>409</u>	<u>331</u>
	<u>821</u>	<u>753</u>

6 Investment income

	2016 £'000	2015 £'000
Other interest receivable	58	73
	<u>58</u>	<u>73</u>

Notes to the financial statements

7 Staff costs

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

	2016 Number	2015 Number
Teaching staff	199	233
Non-teaching staff	207	216
	<u>406</u>	<u>449</u>

The above figures include a total of 43.16 (2015: 63.38) FTE staff on fixed term contracts.

	2016 £'000	2015 £'000
Wages and salaries	10,360	11,073
Social security costs	712	721
Other pension costs	1,614	1,463
	<u>12,686</u>	<u>13,257</u>
Agency costs	213	365
Fundamental restructuring costs - Contractual	125	242
	<u>13,024</u>	<u>13,864</u>

A general pay award of 1% was made with effect from 1 August 2015 which was approved by the Corporation.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Leadership Team which comprises the Principal, Deputy Principal, Vice Principal Learning & Achievement and the Clerk to the Corporation. 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 Number	2015 Number
The number of key management personnel including the Accounting Officer was:	<u>6</u>	<u>5</u>

Notes to the financial statements

7 Staff costs (continued)

The number of staff, including senior post-holders and the Principal, who received annual emoluments excluding pension contributions but including benefits in kind in the following ranges was:

	Key Management Personnel	
	2016 No	2015 No
£ 1 to £10,000	1	-
£10,001 to £20,000	2	-
£20,001 to £30,000	1	1
£30,001 to £40,000	-	-
£40,001 to £50,000	-	2
£50,001 to £60,000	-	-
£60,001 to £70,000	-	-
£70,001 to £80,000	1	2
£80,001 to £90,000	-	-
£90,001 to £100,000	-	-
£100,001 to £110,000*	-	-
£110,001 to £120,000	-	-
£120,001 to £130,000	1	-
	<u>6</u>	<u>5</u>
	Other staff	
	2016 No	2015 No
£60,001 to £70,000	1	-
	<u>1</u>	<u>-</u>

8 Senior post-holders emoluments

Key management personnel emoluments are made up as follows:

	2016 £'000	2015 £'000
Emoluments	295	296
Pension costs	40	27
Total emoluments	<u>335</u>	<u>323</u>

Emoluments include gross salaries, bonuses and employer national insurance.

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

Notes to the financial statements

8 Senior post-holders emoluments (continued)

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

	2016 Total £	2015 Total £
Accounting Officer		
Emoluments	<u>139</u>	<u>113</u>
Benefits in kind	<u>-</u>	<u>-</u>
Pension	<u>20</u>	<u>15</u>

The pension costs in respect of the Accounting officer and key management personnel are in respect of employer's contributions to the West Yorkshire Pension Scheme and the Teachers' Pension Scheme and are paid at the same rate as for other employees.

The members of the Corporation other than the Accounting officer, and the staff members, did not receive any payment other than the reimbursement of travel and subsistence expenses incurred in the course of their duties as Governors.

Key management personnel had their pay reviewed from 1 January 2016. Key management personnel received increases between 1% and 5.2% (the Clerk to the Corporation received 1.0% from 1st August 2015). These increases were approved by the Corporation. No other bonuses or salary enhancements were awarded.

9 Other operating expenses

	2016 £'000	2015 £'000
Teaching costs	2,749	3,262
Non-teaching costs	1,215	1,472
Premises costs	<u>1,364</u>	<u>1,433</u>
	<u>5,328</u>	<u>6,167</u>
Other operating expenses include:		
	2016 £'000	2015 £'000
Auditors' remuneration:		
- Financial statements audit	21	21
- Internal audit	22	21
Other services provided by the financial statement auditor:		
- SFA subcontractor review	4	-
- Due Diligence	-	42
- Tax assistance	-	7
Losses on disposal of non-current assets	3	6
Hire of assets under operating leases	<u>83</u>	<u>107</u>

Notes to the financial statements

10 Interest and other finance costs

	2016 £'000	2015 £'000
On bank loans, overdrafts and other loans:	240	245
Pension finance cost (see note 19)	246	218
	<u>486</u>	<u>463</u>

11 Taxation

The members do not believe that the Corporation is liable for any corporation tax arising out of its activities during the year.

12 Tangible fixed assets

	Assets in the course of construction £'000	Freehold land and buildings £'000	Equipment £'000	Total £'000
Cost or valuation				
At 1 August 2015	170	22,707	4,968	27,845
Additions	5,531	13	314	5,858
Disposals	-	-	(118)	(118)
Transfer Between Classes	-	-	-	-
At 31 July 2016	<u>5,701</u>	<u>22,720</u>	<u>5,164</u>	<u>33,585</u>
Depreciation				
At 1 August 2015	-	3,623	4,320	7,943
Charge for the year	-	450	391	841
Eliminated on Disposal	-	-	(115)	(115)
At 31 July 2016	<u>-</u>	<u>4,073</u>	<u>4,596</u>	<u>8,669</u>
Net book value at 31 July 2016	<u>5,701</u>	<u>18,647</u>	<u>568</u>	<u>24,916</u>
Net book value at 31 July 2015	<u>170</u>	<u>19,084</u>	<u>648</u>	<u>19,902</u>
Inherited	-	5,823	-	5,823
Financed by capital grant	-	5,983	37	6,020
Other	5,701	6,841	531	13,073
Net book value at 31 July 2016	<u>5,701</u>	<u>18,647</u>	<u>568</u>	<u>24,916</u>

Notes to the financial statements

12 Tangible fixed assets (continued)

Tangible fixed assets inherited from Calderdale Council at incorporation have been valued by the College and are being written off over their remaining useful economic lives.

If inherited tangible fixed assets had not been valued they would have been included at nil book value.

Land and buildings with a net book value of £5,823,000 (2015: £5,933,000) have been financed by exchequer funds. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the Agency, to surrender the proceeds.

As set out in the accounting policy note the College carries inherited assets at an inherited valuation. The assets were valued on incorporation and not updated since. The historic cost of the assets is nil.

13 Investments

	Total £'000
Cost	
At 1 August 2015 and 31 July 2016	450
Amounts written off	
At 1 August 2015 and 31 July 2016	(418)
Amounts owed to dormant subsidiary transferred to investment	(32)
Net book amount at 31 July 2016 and at 31 July 2015	-

The College owns 100% of the issued ordinary shares of Calderdale Associates Limited and Calderdale Catering Limited. Both companies have been dormant from 1 August 2002. In addition the College owns 100% of the issued ordinary shares of Step Training Limited which has remained dormant since its creation in January 2007. The College also owns 100% of the shares of the dormant company Halifax New College Limited. All four companies are incorporated in England and Wales.

14 Debtors

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Trade receivables	918	406
Prepayments and accrued income	293	430
	<u>1,211</u>	<u>836</u>

Notes to the financial statements

15 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Bank loan	168	161
Payments received in advance	5,441	7,521
Trade payables	93	131
Other taxation and social security	341	314
Pension creditor	145	152
Other creditors	18	16
Accruals	2,424	2,532
Deferred Income – Government Cap Grants	202	205
Amounts owed to Skills Funding Agency	-	375
	<u>8,832</u>	<u>11,407</u>

16 Creditors: amounts falling due after one year

	2016 £'000	2015 £'000
Bank loans	4,915	5,083
Deferred Income – Government Cap Grants	8,292	6,067
Total	<u>13,207</u>	<u>11,150</u>

17 Maturity of debt

Bank and Other Loans

Bank and other loans are repayable as follows:

	2016 £'000	2015 £'000
In one year or less	168	161
Between one and two years	174	168
Between two and five years	559	540
In five years or more	4,182	4,375
	<u>5,083</u>	<u>5,244</u>

The bank loan of £5,083,000 is repayable by instalments falling due between 1 August 2016 and 30 September 2036 at an interest rate of 5.5% per annum on £4,125,000 and 3 month LIBOR plus 1.3% on £1,375,000.

Notes to the financial statements

18 Provisions

	Defined benefit obligations £'0000	Other £'000	Total £'000
At 1 August 2015	7,152	-	7,152
Expenditure in the period	4,339	-	4,339
Additions in period	-	-	-
At 31 July 2016	<u>11,491</u>	<u>-</u>	<u>11,491</u>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension scheme.

19 Pension and similar obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pensions Scheme England and Wales (TPS) and the West Yorkshire Pension Fund (WYPF). Both are multi-employer defined-benefit pension schemes.

	2016 £'000	2015 £'000
Total pension cost for the year		
Teachers' Pension Scheme: contributions paid	571	531
Local Government Pension Scheme:		
Contributions paid	657	747
FRS 102 (28) Charge	<u>386</u>	<u>280</u>
Charge to the statement of comprehensive income	1,043	1,027
Total pension cost for the year within staff costs	<u>1,614</u>	<u>1,558</u>

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

Contributions amounting to £144,000 (2015: £150,000) were payable to the scheme at 31 July 2016 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.

Notes to the financial statements

19 Pension and similar obligations (continued)

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 £571,000 (2015: £531,000).

Notes to the financial statements

19 Pension and similar obligations (continued)

FRS 102 (28)

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

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

West Yorkshire Pension Fund

The WYPF is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2016 was £948,000 (2015: £951,000) of which employer's contributions totalled £658,000 (2015: £652,000) and employees' contributions totalled £290,000 (2015: £299,000). The agreed contribution rates for future years are 12.7% for employers and within a sliding scale from 5.5% to 12.5% depending on salary for employees.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2016 carried out by a qualified independent actuary.

	At 31 July 2016	At 31 July 2015
	%	%
Rate of increase in salaries	3.3	3.6
Rate of increase in pensions	1.8	2.1
Discount rate for scheme liabilities	2.4	3.6
Inflation assumption (CPI)	1.8	2.1

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	At 31 July 2015
Retiring today		
Males	22.7	22.6
Females	25.6	25.5
Retiring in 20 years		
Males	24.9	24.8
Females	28.0	27.8

Notes to the financial statements

19 Pension and similar obligations (continued)

The assets of the scheme relating to the College at the balance sheet date were:

	% of total plan assets as at 31 July 2016 %	Fair value at 31 July 2016 £'000	% of total plan assets as at 31 July 2015 %	Fair value at 31 July 2015 £'000
Equity instruments	75	15,749	76	14,110
Debt instruments	15	3,229	15	2,788
Property	5	1,007	5	837
Cash/liquidity	2	294	1	279
Other	3	692	3	576
Total fair value of plan assets		20,971		18,590

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

	2016 £'000	2015 £'000
Fair value of plan assets	20,971	18,590
Present value of plan liabilities	(32,462)	(25,742)
Net pensions liability	(11,491)	(7,152)

Amounts recognised in the Income and Expenditure account in respect of the plan are as follows:

	2016 £'000	2015 £'000
Amounts included in staff costs		
Current service cost	1,027	930
Past service cost	16	97
Total	1,043	1,027

Amounts included in investment income

	2016 £'000	2015 £'000
Net interest income	(246)	(218)

Notes to the financial statements

19 Pension and similar obligations (continued)

Amount recognised in Other Comprehensive Income

	2016 £'000	2015 £'000
Return on pension plan assets	1,455	879
Experience losses arising on defined benefit obligations	(5,162)	(1,836)
Amount recognised in Other Comprehensive Income	(3,707)	(957)

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

	2016 £'000	2015 £'000
Net defined benefit liability in scheme at 1 August	(7,152)	(5,697)
Movement in year:		
Current service cost	(1,027)	(930)
Employer contributions	657	747
Past service cost	(16)	(97)
Net interest on the defined liability	(246)	(218)
Actuarial loss	(3,707)	(957)
Net defined benefit liability at 31 July	(11,491)	(7,152)

Asset and Liability Reconciliation

	2016 £'000	2015 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	25,742	22,366
Current service cost	1,027	930
Interest cost	920	909
Contributions by scheme participants	290	299
Experience gains and losses on defined benefit obligations	5,162	1,836
Estimated benefits paid	(695)	(695)
Past service cost	16	97
Curtailments and settlements	-	-
Defined benefit obligations at end of period	32,462	25,742

Changes in fair value of plan assets

	2016 £'000	2015 £'000
Fair value of plan assets at start of period	18,590	16,669
Interest on plan assets	674	691
Return on assets	1,455	879
Employer contributions	657	747
Contributions by scheme participants	290	299
Estimated benefits paid	(695)	(695)
Fair value of plan assets at the end of the period	20,971	18,590

Notes to the financial statements

20 Capital commitments

	2016 £'000	2015 £'000
Land and buildings		
Commitments contracted for at 31 July 2016	<u>2,164</u>	<u>-</u>

21 Lease obligations

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

Future minimum lease payments due	2016 £'000	2015 £'000
Land and buildings		
No later than one year	30	82
Later than one year and not later than five years	<u>54</u>	<u>198</u>
	<u>84</u>	<u>280</u>

In addition to the £84,000 disclosed in land and buildings, the College is committed to paying £9,000 per annum for insurance and management charges.

22 Contingent liabilities

The College has received grant income over a number of years. The funding bodies have clawback arrangements in place for many of the grants and the College may have to pay monies back in the event of an audit taking place.

23 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 arms' length and in accordance with the College's financial regulations and normal procurement procedures. No transactions were identified which should be disclosed. Transactions with the funding bodies and HEFCE are detailed in the notes.

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

Notes to the financial statements

24 Amounts disbursed as agent

	2016 £'000	2015 £'000
Funding Body Grants		
Balance brought forward	307	146
Funding body grants – bursary support	583	611
Funding body grants – discretionary learner support	263	329
Funding body grants – residential bursaries	-	-
Other Funding body grants	-	-
Interest earned	4	4
	<u>1,157</u>	<u>1,090</u>
Disbursed to Students	(382)	(412)
Administration cost	(40)	(47)
Paid on behalf of the student	<u>(279)</u>	<u>(323)</u>
	<u>456</u>	<u>308</u>

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grant, related disbursements and payments made on behalf of the students are therefore excluded from the Income and Expenditure Account.

Income and expenditure relating to the Skills Enhancement Fund within the College's Income and Expenditure account relates to the administration costs associated with the running of the project and any projects undertaken by the College.

	2016 £'000	2015 £'000
Skills Enhancement Fund		
Balance brought forward	6,176	8,918
Skills Funding Agency Grants	(103)	-
	<u>6,073</u>	<u>8,918</u>
Disbursed to Partners	(998)	(1,921)
Contribution to other Educational Projects	(280)	-
Administration fee	<u>(1,014)</u>	<u>(821)</u>
Balance unspent at 31 July	<u>3,781</u>	<u>6,176</u>

In the majority of instances, the College only acts as a paying agent. In these circumstances, the grant and related disbursement are therefore excluded from the Income and Expenditure Account.

Income and expenditure relating to the Enhancement Fund within the College's Income and Expenditure account relates to the administration costs associated with the running of the project and any projects undertaken by the College.

Notes to the financial statements

24 Amounts disbursed as agent (continued)

	2016 £'000	2015 £'000
Work Place Learning Contract (WPL)		
Balance brought forward	395	(1,633)
SFA Grants	2,531	14,753
	<u>2,926</u>	<u>13,120</u>
Disbursed to Partners	(2,711)	(11,213)
Administration fee	(215)	(1,512)
Balance unspent at 31 July	<u>-</u>	<u>395</u>

In the majority of instances, the College only acts as a paying agent. In these circumstances, the grant and related disbursement are therefore excluded from the Income and Expenditure Account.

	2016 £'000	2015 £'000
English & Maths Project		
Balance brought forward	219	-
SFA Grants	1,582	1,497
	<u>1,801</u>	<u>1,497</u>
Disbursed to Partners	(1,432)	(1,278)
Administration fee	(369)	-
Balance unspent at 31 July	<u>-</u>	<u>219</u>

In the majority of instances, the College only acts as a paying agent. In these circumstances, the grant and related disbursement are therefore excluded from the Income and Expenditure Account.

	2016 £'000	2015 £'000
Skills Service		
Balance brought forward	67	-
SFA Grants	1,580	74
	<u>1,647</u>	<u>74</u>
Disbursed to Partners	(719)	(7)
Administration fee	-	-
Balance unspent at 31 July	<u>928</u>	<u>67</u>

In the majority of instances, the College only acts as a paying agent. In these circumstances, the grant and related disbursement are therefore excluded from the Income and Expenditure Account.

Notes to the financial statements

25 Transition to FRS 102 and the 2015 FE HE SORP

The year ended 31 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 31 July 2015 and the date of transition to FRS 102 and the 2015 FE HE SORP was therefore 1 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 performance is set out below.

There were no adjustments to the College's financial position, however due to the change in presentation of deferred capital grants, the net asset position of the College has been affected. Under previous UK GAAP, at 31 July 2015 the College had net assets of £6.3m. Under FRS 102 deferred capital grants are included within creditors, therefore the net assets of the College at 31 July 2015 are now £4.3m.

Financial performance	Note	31 July 2015 £'000
Surplus for the year after tax under previous SORP		136
Pensions provision – actuarial loss		(957)
Changes to measurement of net finance cost on defined benefit plans		(419)
Total effect of transition to FRS 102 and 2015 FE HE SORP		<u>(1,376)</u>
Total comprehensive income for the year under 2015 FE HE SORP		<u>(1,240)</u>

a) 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 31 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.

b) 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.