The Sheffield College

Report of the members of the Corporation and Financial Statements

For the 12 month period from

1 August 2015 to 31 July 2016

Key Management Personnel,

Board of Governors and Professional advisers

Key management personnel

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

Paul Corcoran: Chief Executive; Accounting Officer
Jason Pepper: Executive Director of Finance & Resources
Heather Smith: College Principal
Darren Tidmarsh: Executive Director of Human Resources & Management Information Systems
Val Struggles: Clerk to Governors (resigned 31 October 2016)
Alison Shillito: Clerk to Governors (appointed 01 November 2016)
John Gray: Marketing Director
Andrew Cropley: Executive Director of Strategic Planning & Business Development (resigned 31 December 2015)

Board of Governors

A full list of Governors is given on pages 14 & 15 of these financial statements.

Ms V Struggles acted as Clerk to the Corporation throughout the period.

List of Professional Advisers

Financial statements and regularity auditors:	KPMG LLP 1 Sovereign Square Sovereign Street Leeds LS1 4DA
Internal auditors:	Grant Thornton UK, LLP Unit 2 Broadfield Court Sheffield S8 0XF
Bankers:	Barclays Bank Plc NE & Yorkshire Larger Business Team PO Box 378 71 Grey Street Newcastle Upon Tyne Tyne & Wear NE99 1JP
	Allied Irish Bank Vantage Point Hardman Street Spinningfields Manchester M3 3PL
Solicitors:	EEF 59 Clarkehouse Road Sheffield S10 2LE

Solicitors (continued)	Wake Smith LLP 68 Clarkehouse Road Sheffield S10 2LJ Hill Dickinson LLP The Balance Pinfold Street Sheffield S1 2GU

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Definition of terms

- The Corporation means The Sheffield College Further Education Corporation established under the Further and Higher Education Act 1992.
- Member(s) means a member of the Corporation elected to/or appointed by the Corporation.
- The Sheffield College Group means The Sheffield College, Sparks Managed Services Ltd, Sparks Teaching Services Ltd and Sparks Solutions Ltd.

Members' Report

Operating and Financial Review:

The members present their report and the audited financial statements 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 The Sheffield College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

Mission

The College's Mission as determined by its Governors, is:

"To inspire and equip learners for productive employment and fulfilling lives"

The College is a general further education college with students engaged on a comprehensive range of Further and Higher Education programmes. The College operates at a variety of locations across the city of Sheffield, with main campuses located at:

- City Campus - Granville Road, Sheffield S2 2RL
- Olive Grove Campus - Olive Grove Road, Sheffield S2 3GE
- Hillsborough Campus - Livesey Street, Sheffield S6 2ET
- Peaks Campus - Waterthorpe Greenway, Sheffield S20 8LY

The College has previously also operated from its Norton campus at Dyche Lane, Sheffield S8 8BR. This was closed in June 2015 and is in the process of being sold.

The Sheffield College Group

The Sheffield College has three wholly owned subsidiary companies:

- Sparks Managed Services Ltd. incorporated in 2011, this company provides cleaning and caretaking services to the College and The Sheffield UTC Academy Trust. In the financial year ending 31 July 2016, this company broke even.
- Sparks Teaching Services Ltd. incorporated in 2012, this company provides temporary teaching and other staff to the College and The Sheffield UTC Academy Trust. In the financial year ending 31 July 2016, this company broke even.
- Sparks Solutions Ltd. incorporated in 2014, this company provides marketing, learner recruitment and business development services to the College. In the financial year ending 31 July 2016, this company broke even.

Throughout these financial statements, any reference to "Group" or "The Sheffield College Group" includes these subsidiaries and The UTC Sheffield Academy Trust. The UTC Sheffield Academy Trust is not consolidated within these financial statements as described in Note 1 to the Financial Statements. Any reference to "College" or "The Sheffield College" excludes these entities.

The College previously had a fourth subsidiary, The Enterprise Gateway Community Interest Company, which was incorporated in 2011 and dissolved on 16 September 2014. This subsidiary did not trade during the financial year ending 31 July 2015.

Public Benefit

The Sheffield College is an exempt charity under Part 3 of the Charities Act 2011, and is regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all FE Corporations in England. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 14 & 15.

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

Public Benefit Statement

- The Sheffield College seek the engagement of stakeholders as a vehicle for improvement.
- Stakeholders receive clear, coherent and consistent messages.
- The Sheffield College makes effective use of people's time in seeking their views, involving them in decisions and sharing relevant information.

The Sheffield College is able to make use, at a strategic level, of information, opinions and feedback gained from engaging with stakeholders

Implementation of Strategic Development Plan

The College's Strategic Framework 2015-2017 was approved by Governors in July 2015. This is based on 6 key themes:

- Outcomes
- Quality
- People
- Diversification
- Money
- Social Responsibility

Each theme has a series of strategic aims and objectives, along with associated key performance indicators so that progress towards implementing these can be monitored.

In July 2016 Governors endorsed a new Business Plan for The Sheffield College. This set out the following strategic aims:

- We will provide an inspirational and high quality learning experience.
- We will prepare our learners for work and life.
- We will continuously improve.
- We will be passionate about doing the right thing.
- We will invest in our people and resources.
- We will transform what we do through technology.
- We will achieve sustainable growth.
- We will be integral to the Sheffield City Region's economic growth plans.
- We will contribute to social cohesion.

Financial Objectives

Key financial targets for the College are set each year as part of the strategic planning process. In July 2015 the following targets were stipulated by Governors:

1. ***To maintain an appropriate level of liquidity with a cash balance of £102,000 at 31 July 2016.***

The Group has exceeded this cash balance target by a significant margin. A key factor behind this has been the retention of monies by the College due to HM Revenue & Customs in respect of disputed Lennartz schemes. As a consequence, at 31 July 2016 the Group had cash reserves of £2,746,000 and had achieved 21 cash days in hand. (The College achieved cash days in hand of 38 days in 2014/15).

2. ***To ensure that the College achieves an income diversity figure (non-YPLA or SFA income as a proportion of total turnover) of at least 27%.***

The College has not achieved this target. Non-EFA or SFA income as a proportion of total cash income in 2015/16 was 24%. (However, this represented an improvement on the 21% income diversity achieved by the College in 2014/15).

3. ***To deliver an operating surplus of at least £2,484,000.***

The Group has not achieved this target, generating an operating surplus of £869,000 before any losses on asset disposals or actuarial pension charges are taken in to account. (In 2014/15 the Group generated an operating loss of £828,000).

4. ***To reduce the proportion of income spent on direct and agency staffing costs to no more than 61% of turnover.***

The College has not achieved this target, as direct and agency staffing costs in 2015/16 were 64% of turnover. (In 2014/15, staffing costs were 65% of turnover).

Performance Indicators

The 'Framework for Excellence' has four key performance indicators:

- Success rates
- Learner destinations
- Learner views
- Employer views

The College is committed to observing the importance of the measures and indicators within the Framework and is monitoring these through the completion of the annual Finance Record for the Skills Funding Agency.

FINANCIAL POSITION

Financial results

The Group generated an operating surplus before the disposal of assets in the year of £869,000 (2014/15 - operating deficit of £828,000).

The Group's unrestricted reserves on 31 July 2016 were negative, with a balance of (£5,134,000). This compared to a positive unrestricted reserve balance of £3,720,000 at 31 July 2015.

Treasury Management

The College utilised a revolving credit facility provided by Allied Irish Bank during 2015/16. At 31 July 2016 the balance of this was £2,500,000. This facility was used to help meet the cost of extending the Hillsborough and Olive Grove campuses and will be repaid once the sale of the Norton campus has been completed.

The College continued to pay down its loans during the year. It did not meet all of the financial performance covenants associated with these.

Cash Flows

The Group realised a net cash inflow on operating activities of £3,062,000 during 2015/16 (compared to a net cash inflow of £834,000 in 2014/15).

The net decrease in the College cash position for the year ending 31 July 2016 was £2,718,000 (the College saw a net cash decrease of £16,000 for the year ending 31 July 2015). The College saw a net cash outflow during the year of £5,878,000 in respect of fixed asset acquisitions; namely the final payments in respect of the Hillsborough campus extension and the redevelopment of Olive Grove.

Although the College is confident that it will remain a going concern, anticipated cuts to Education Funding Agency and Skills Funding Agency revenues over the next few years combined with capital investment in our accommodation will continue to present some liquidity challenges over the next few years.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student Numbers

In 2015/16 the College delivered provision that produced £38,080,000 in cumulative recurrent grant funding (2014/15 - £41,628,000) from the Education Funding Agency, the Skills Funding Agency and the Higher Education Funding Council for England. The College had 5,466 EFA funded students and 8,859 Skills Funding Agency funded students.

Student Achievements

In 2015/16 students at the College achieved an overall success rate of 77.1%, an increase on the rate of 76.8% achieved in 2014/15.

Curriculum Developments

The College was subject to an Ofsted inspection in January 2016. This judged the College to be 'requires improvement' in terms of overall effectiveness, and 'good' in terms of its apprenticeship delivery and provision for high needs learners. The inspection report noted in particular:

- The strategic vision is meeting the needs of the local Sheffield area and the Local Enterprise Partnership priorities very well, and is supported by very effective partnerships to achieve this vision.
- Learners receive good-quality impartial advice and guidance, which helps them make well-informed educational and career choices.
- The college provides a safe, secure and inclusive environment for all its learners.
- The ambition of senior leaders and governors is helping to drive forward the improvements needed.

The College continued its sponsorship of UTC Sheffield, a University Technical College located in the centre of Sheffield specialising in engineering and advanced manufacturing and creative and digital industries. UTC Sheffield opened to students in September 2013.

The College continued its support for a second University Technical College Sheffield: UTC Olympic Legacy Park, and working to ensure that this opened successfully in September 2016.

During 2014/15 the College made an application to the Department for Education to sponsor a multi-academy trust that will include both University Technical Colleges. This application was approved in autumn 2015.

The College continued to expand the breadth and volume of its apprenticeship provision during 2015/16, developing new partnerships with a number of employers and introducing several new frameworks.

Capital Projects

In 2013 the College secured a Skills Funding Agency capital grant of £9,971,000 to support a £15,600,000 project to redevelop our Olive Grove campus and extend our Hillsborough College campus. Work commenced on these projects in 2013/14 and practical completion was achieved during the summer of 2015. A key outcome of these works was the closure of our Norton College campus in summer 2015. The new accommodation constructed through these projects was ready for use by staff and students in September 2015.

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2015 to 31 July 2016, the College exceeded this target. The College incurred no interest charges in respect of late payment for this period.

Future Developments

The College has agreed total funding from the EFA for the 2016/17 financial year of £25,859,145. Funding from the Skills Funding Agency has been confirmed at £8,085,700 for adult education provision, and £3,786,536 for apprenticeship delivery. For the same period the College has been given an Advanced Learning Loans allocation of £1,412,000.

As noted previously, the College has set up a multi-academy trust to operate both UTC Sheffield City Centre and UTC Olympic Legacy Park in 2016/17 and beyond.

PRINCIPAL RISK AND UNCERTAINTIES

Risk Management Framework

The Corporation is ultimately responsible for the College's system of risk management and internal control and for ensuring its effectiveness. Assurance of this effectiveness is provided by the Audit and Risk Assurance Committee, which is the designated risk committee which monitors the College's response to significant risk. It also advises the Board on the adequacy of the College's whole system of internal control and arrangements for risk management.

The College's Internal Audit Service (which independently monitors and review systems of internal and risk management control) and, the Executive Team (which has overall responsibility for the management, administration and implementation of the internal control and risk management processes) assist the Corporation in its oversight of risk management.

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

Funding Environment

The full impact of the last Comprehensive Spending Review continues to be felt. It is clear that there will be a protracted squeeze on public expenditure that is likely to have a fundamental impact on how the College operates. Funding rates for all categories of learner are likely to continue to fall over the medium term, and the generation of alternative revenue sources will remain a priority.

April 2017 will see the allocation of apprenticeship funding directly to employers rather than colleges and other training providers, via the apprenticeship levy. The current tuition fee loan system in operation for further education, recently expanded to leaners aged 19-24, looks likely to be rolled out to include all adult learners studying at a level below the current threshold of Level 3. Such changes will present both risks and opportunities to the College, and require significant changes to our current business model.

Area Based Review and Devolution

The Area Based Review process has generated some structural change to the further education sector in the Sheffield City Region. Several colleges within the region are either in the process of merging or undertaking an associated options appraisal.

The devolution of skills funding from central government to the Sheffield City Region Combined Authority is likely to see a further shift in both the structure of the FE sector as well as the scope, scale and mix of curriculum offered by The Sheffield College and other local FE providers.

Quality of Provision

The College seeks to continue to improve learner success rates and has delivered overall learner responsive success rates of 77.1% in 2015/16 (up from 76.8% in 2014/15).

STAKEHOLDER RELATIONSHIPS

Stakeholder Engagement

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

- Students;
- Funding Councils;
- Staff;
- Local employers (with specific links);
- Local Authorities;
- Government Offices;
- The local community;
- Other FE institutions;
- Trade unions;
- Professional bodies;
- The University of Sheffield and Sheffield Hallam University.

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

Equal opportunities and employment of disabled persons

The Sheffield College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This Single Equality Scheme captures all of the College's policy and strategies in the areas of equality and diversity and these are resourced, implemented and monitored on a planned basis.

A statement on the approach of the College to equality issues is published on the College Internet site (http://www.sheffcol.ac.uk).

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

Disability statement

The College seeks to achieve the objectives set down in the Equality Act 2010. These have been included in the College Single Equality Scheme which is reviewed and updated annually.

- As part of its accommodation strategy the College updated its access audit. Experts in this field conducted a full access audit during 2005/06, and the results of this formed the basis of a bid to the LSC for funding capital projects aimed at improving access.
- The College has an Access Co-ordinator, who provides information, advice and arranges support where necessary for students with disabilities.
- There is a range of specialist equipment which the College makes available for use by students and a variety of assistive technologies are available in College Learning Resource Centres.
- The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of learner support assistants who can provide a variety of support for learning.
- Specialist programmes are described in College prospectuses, and 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 Procedure leaflets at induction.

Disclosure of information to auditors

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

Approved by order of the members of the Corporation on 19 December 2016 and signed on its behalf by:

Richard Wright

Chair

Statement of Corporate Governance and Internal Control

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

The College endeavours to conduct its business:

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

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College/Board has adopted the AoC Code. In the opinion of the Governors, the College complies with the provisions of the Code, which it adopted during the year ended 31 July 2016. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes account of the Code of Good Governance issued by the Association of Colleges in March 2015, which it formally adopted in March 2015.

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

The Corporation

The members who served on the Corporation during the year and up to the date of signature of this report were as listed in the table below.

Name	Date of appointment	Term of office	Date of resignation/ retirement	Status of appointment	Committees served	Attendance at meetings
Kathy Atkin (Staff)	31/3/2010 (Re-elected 31/3/2014 for 2 years until 31/8/2016 and re-elected May 2016 until 31 August 2018)	4 years + 2 years + 2 years		Current	Governing Body Audit & Risk Assurance Search	75% 100% 0%
Mike Atkins	1/9/2008	8 years	31/12/15	Resigned	Governing Body Planning & Performance Search	50% 100% N/A
Jay Bhayani	1 September 2015	2 years		Current	Governing Body Planning & Performance	87% 100%
James Bangert (Student)	19 May 2015	1 year + 1 year	31/7/16	Resigned	Governing Body Planning & Performance	62% 80%
Ian Brown	15 December 2014	2 years		Current	Governing Body FEGP	75% 88%
Paul Corcoran (Chief Executive)	22 June 2015	Duration of tenure as Chief Executive		Current	Governing Body FEGP Planning & Performance, Remuneration Search	100% 100% 100% 100% 100%
Neil Fletcher	1/9/2009	8 years		Current	Governing Body Audit & Risk Assurance (Chair)	87% 100%
Edward Highfield	1/9/2013	8 years		Current	Governing Body Planning & Performance	75% 80%
Chris Husbands	1/7/16	2 years		Current	Governing Body	0%
Chris Linacre	25/3/2012	8 years		Current	Governing Body Audit & Risk Assurance - until 12/10/15 Planning & Performance (Chair) Remuneration FEGP (from 12/10/15)	88% 100% 60% 100% 86%
Michael Maloney (student)	1/8/2016	1 year		Current	Governing Body Planning & Performance	0% 0%
Sally Neocosmos	1/9/2009	8 years		Current Vice Chair of Governing Body	Governing Body FEGP Remuneration Search	75% 80% 100% 100%
Pete Norton (Staff)	2/3/2015	2 years		Current	Governing Body Planning & Performance	87% 100%
Seb Schmoller	1/9/2008 (Re-appointed March 2016 until 31/8/18)	Up to 10 years (by exception)		Current Vice Chair of Governing Body	Governing Body Planning & Performance Search FEGP (until 12/10/15) ARA (from 12/10/15)	100% 100% 100% 100% 100%
Kim Streets	31/10/2013 (Re-appointed 1 November for 6 years)	8 years		Current	Governing Body Audit & Risk Assurance Committee	75% 100%
John Timms	1/9/2012 (Re-appointed March 2016 until 30/3/2020)	8 years		Current	Governing Body Planning & Performance	62% 100%

Name	Date of appointment	Term of office	Date of resignation/ retirement	Status of appointment	Committees served	Attendance at meetings
Gil Vasey	31/8/2014 (Re-appointed March 2016 until 31/8/22)	8 years		Current	Governing Body FEGP (Chair)	87% 100%
Amy Smith (Student)	1/8/15 (Re-elected for a further year)	2 years	31/7/2017	Current	Governing Body Planning & Performance	28% 66%
Anne Wilson	31/8/2015	2 years		Current	Governing Body Planning & Performance	36% 100%
Richard Wright	26/9/2011 (Re-appointed 31 July 2015 for 4 years)	8 years		Current Chair of Governing Body from 1/9/2013	Governing Body FEGP Remuneration Search	100% 75% 100% 100%

The following Members were appointed/resigned during the period 1 August 2015 to 31 July 2016

- i. Mike Atkins resigned 3 December 2015
- ii. Kathy Atkin elected 31 March 2014 for 2 years until 31 August 2016 and re-elected May 2016 until 31 August 2018
- iii. Jay Bhayani Appointed 1 September 2015
- iv. James Bangert (Student) Appointed 1 August 2014 for 1 year until 31 July 2015 - Re appointed 1 August 2015
- v. Professor Chris Husbands was appointed 1 July 2016
- vi. Michael Maloney was elected as a Student Governor for 1 year 1/8/16 to 31/7/17
- vii. Anne Wilson Appointed 1 September 2015
- viii. Amy Smith was re-elected as a Student Governor for a further year until 31/7/17

Val Struggles was Clerk to the Corporation until 31 October 2016

Alison Shillito was appointed Clerk to the Corporation from 1 November 2016

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

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

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Finance, Employment and General Purposes, Remuneration, Search and Audit & Risk Assurance. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at:

The Sheffield College
Granville Road
Sheffield
S2 2RL

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

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

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

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

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

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search Committee, the membership of which during 2015/16 comprised of Kathy Akin, Mike Atkins (until his retirement on 31 December 2015), Sally Neocosmos, Seb Schmoller, Richard Wright and the Chief Executive. The Committee is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for an initial term of office between 2 - 4 years, with the maximum period of office normally not exceeding 8 years.

Corporation Performance

The Corporation monitors and reviews its performance in a number of ways including:

An annual self-assessment process for governors to reflect on their own performance and the collective performance of the Governing Body (considered at a meeting of Chairs and Vice-Chairs on 12 October 2016),

A corporate annual self-assessment of compliance with the requirements of the College's funding agreements and Financial Memorandum (considered at a joint meeting of the Audit and Risk Assurance Committee and the Finance Employment and General Purposes),

A self-assessment by the Governing Body of compliance with the Code of Good Governance for English Colleges and the College's compliance with relevant legislation and regulatory requirements (considered by the Audit and Risk Assurance Committee at its meeting on 27 June 2016 and, for updates, at its joint meeting of the Audit and Risk Assurance Committee and the Finance Employment and General Purposes),

Annual reports of the main standing committees of the Governing Body principally the Audit Committee annual report (considered at the Committee's meeting on 26 September 2016 with the final draft approved at its meeting on 5 December 2016), and the annual reports of the Finance Employment and General Purposes Committee (approved at its meeting on 12 September 2016) and the Planning and Performance Committee (approved at its meeting on 19 September 2016),

A programme of internal audit that includes governance matters, that is summarised in the internal audit report received by the Audit and Risk Assurance Committee on 5 December 2016. The report confirms that where there are improvement issues, the Corporation is following up their recommendations.

On the basis of the processes outlined above and the opinions received from internal and external auditors, the Corporation self-assesses that its own effectiveness as at least adequate.

Remuneration Committee

Throughout the year ending 31 July 2016, membership of the Remuneration Committee comprised Richard Wright, Chris Linacre, Sally Neocosmos and in attendance, Paul Corcoran, Chief Executive. The Committee's responsibilities are to make recommendations to the Corporation on the remuneration and benefits of the Accounting Officer and other designated senior postholders.

Details of remuneration for the year ended 31 July 2016 are set out in note 7 to the financial statements.

Audit & Risk Assurance Committee

The Audit & Risk Assurance Committee comprises four Governors Neil Fletcher, Kathy Atkin, Chris Linacre (until 12 October 2015) and Kim Streets. Seb Schmoller was appointed to the Committee, to replace Chris Linacre, on 12 October 2015. The Accounting Officer and Chair are excluded from membership. The Committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's system of internal control and its arrangements for risk management, control and governance processes.

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

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

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

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

Finance Employment & General Purposes Committee

The Finance, Employment & General Purposes Committee comprises six members including Ian Brown, Chris Linacre (from 12 October 2015), Sally Neocosmos, Seb Schmoller (until 12 October 2015), Gil Vasey, Richard Wright and Paul Corcoran (Chief Executive).

The Committee operates in accordance with terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the College's financial health and solvency in addition to monitoring the effective and efficient deployment of resources and performance against financial targets. The Committee also scrutinises the assumptions underpinning the budget and financial planning process. The Committee meets at least twice per term.

Planning & Performance Committee

The Planning & Performance Committee comprises nine members, including Jay Bhayani, Edward Highfield, Chris Linacre, Pete Norton, Seb Schmoller, John Timms, Anne Wilson, a Student Governor and Paul Corcoran (Chief Executive).

The Committee operates in accordance with terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the College's education character and strategic aims and objectives, as well as monitoring quality standards and the College's plans for continuous improvement. The Committee meets twice a term.

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 Chief Executive, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to them in the Financial Memorandum between the College and the funding bodies. They are also responsible for reporting to the Corporation any material weaknesses or break-downs 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 The Sheffield College for the year ended 31 July 2016 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2016 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation
- Regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against forecasts
- Setting targets to measure financial and other performance
- Clearly defined capital investment control guidelines
- The adoption of formal project management disciplines, where appropriate

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

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. The Accounting Officer'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 reporting accountant for regularity assurance, the appointed funding auditors, in their management letters and other reports.

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

The Senior Management Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Management Team and Audit & Risk Assurance Committee also receive regular reports from internal audit, and other sources of assurance which include recommendations for improvement. The Audit & Risk Assurance Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Management Team and the Audit & Risk Assurance 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 since 31 July 2016.

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

Going Concern

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

Approved by order of the members of the Corporation on 19 December 2016 and signed on its behalf by:

Richard Wright	**Paul Corcoran**
Chair of the Governing Body	***Accounting Officer***

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

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

We confirm, on behalf of the Corporation, that ***to the best of its knowledge***, the Corporation believes it is 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 funding agreement. We further confirm that any instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the Skills Funding Agency.

Paul Corcoran	Richard Wright
Accounting Officer	**Chair of Governors**
19 December 2016	**19 December 2016**

Statement of Responsibilities of the Members of the Corporation

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

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

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

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

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

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and to 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 to safeguard 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 governing body of the College; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the Skills Funding Agency are used only in accordance with the Financial Memorandum with from the Skills Funding Agency and any other conditions may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and 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 are not put at risk.

Approved by order of the members of the Corporation on 19 December 2016 and signed on its behalf by:

Richard Wright

Chair

Independent auditor's report to the Corporation of The Sheffield College

We have audited the Group and College financial statements ("the financial statements") of The Sheffield College for the year ended 31 July 2016 set out on pages 27 to 54. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

This report is made solely to the Corporation, as a body, in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Corporation of The Sheffield College and Auditor

As explained more fully in the Statement of the Responsibilities of the Members of the Corporation set out on page 22, the Corporation is responsible for the preparation of financial statements which give a true and fair view.

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

Scope of the audit of the financial statements

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

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

Opinion on financial statements
In our opinion the financial statements:

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

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

Matters on which we are required to report by exception

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

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

Clare Partridge

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

19 December 2016

Reporting Accountant's Report on Regularity to the Corporation of The Sheffield College and the Secretary of State for Education acting through Skills Funding Agency

In accordance with the terms of our engagement letter dated 12 October 2015 and further to the requirements of the financial memorandum with Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by The Sheffield College during the period 1 August 2015 to 31 July 2016 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

Respective responsibilities of The Sheffield College and the reporting accountant

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

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

Approach

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

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

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

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

The work undertaken to draw our conclusion included:

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

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

Conclusion

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

Clare Partridge
For and on behalf of KPMG LLP, Reporting Accountant
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

19 December 2016

Consolidated Statements of Comprehensive Income

	Notes	Year ended 31 July 2016		Year ended 31 July 2015 Restated	
		Group	College	Group	College
		£'000	£'000	£'000	£'000
INCOME					
Funding body grants	2	39,835	39,835	43,611	43,611
Tuition fees and education contracts	3	6,266	6,266	6,631	6.631
Other grants and contracts	4	533	533	899	899
Other income	5	2,435	2,371	2,620	2,560
Endowment and investment income	6	14	14	32	32
Total income		**49,083**	**49,019**	**53,793**	**53,733**
EXPENDITURE					
Staff costs	7	31,457	30,837	35,079	34,329
Fundamental restructuring costs	7	318	338	2,132	2,038
Other operating expenses	8	11,344	11,885	12,783	13,660
Depreciation	11	3,031	3,023	2,812	2,804
Interest and other finance costs	9	2,064	2,064	1,815	1,815
Total expenditure		**48,214**	**48,147**	**54,621**	**54,646**
(Deficit)/surplus before other gains and losses		**869**	**872**	**(828)**	**(913)**
Loss on disposal of assets	11	(10)	(10)	(1)	(1)
(Deficit)/Surplus before tax		**859**	**862**	**(829)**	**(914)**
Taxation	10	-	-	-	-
(Deficit)/surplus for the year		**859**	**862**	**(829)**	**(914)**
Actuarial loss in respect of pensions schemes	21	(9,713)	(9,713)	(3,288)	(3,288)
Total Comprehensive Income for the year		**(8,854)**	**(8,851)**	**(4,117)**	**(4,202)**

Consolidated and College Statement of Changes in Reserves

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Group			
Restated Balance at 1st August 2014	4,463	3,374	7,837
Surplus/(deficit) from the income and expenditure account	(829)	-	(829)
Other comprehensive income	(3,288)	-	(3,288)
Transfers between revaluation and income and expenditure reserves	108	(108)	-
	(4,009)	(108)	(4,117)
Balance at 31st July 2015	454	3,266	3,720
Surplus/(deficit) from the income and expenditure account	859	-	859
Other comprehensive income	(9,713)	-	(9,713)
Transfers between revaluation and income and expenditure reserves	-	-	-
Total comprehensive income for the year	(8,854)	-	(8,854)
Balance at 31 July 2016	(8,400)	3,266	(5,134)
College			
Restated Balance at 1st August 2014	4,633	3,374	8,007
Surplus/(deficit) from the income and expenditure account	(914)	-	(914)
Other comprehensive income	(3,288)	-	(3,288)
Transfers between revaluation and income and expenditure reserves	108	(108)	-
	(4,094)	(108)	(4,202)
Balance at 31st July 2015	539	3,266	3,805
Surplus/(deficit) from the income and expenditure account	862	-	862
Other comprehensive income	(9,713)	-	(9,713)
Transfers between revaluation and income and expenditure reserves	-	-	-
Total comprehensive income for the year	(8,851)	-	(8,851)
Balance at 31 July 2016	(8,312)	3,266	(5,046)

Balance sheets as at 31 July

	Notes	Group 2016 £'000	College 2016 £'000	Restated Group 2015 £'000	Restated College 2015 £'000
Fixed assets					
Tangible Fixed assets	11	107,950	107,934	107,130	107,106
		107,950	**107,934**	**107,130**	**107,106**
Current assets					
Stocks		21	21	19	19
Trade and other receivables	13	1,454	1,549	1,623	1,892
Cash and cash equivalents	20	2,746	2,746	5,464	5,464
		4,221	**4,316**	**7,106**	**7,375**
Less: Creditors – amounts falling due within one year	14	(20,317)	(20,308)	(12,636)	(12,796)
Net current assets		**(16,096)**	**(15,992)**	**(5,530)**	**(5,421)**
Total assets less current liabilities		**91,854**	**91,942**	**101,600**	**101,685**
Creditors – amounts falling due after more than one year	15	(62,844)	(62,844)	(72,403)	(72,403)
Provisions					
Defined benefit obligations	17	(30,494)	(30,494)	(20,018)	(20,018)
Other provisions	17	(3,650)	(3,650)	(5,459)	(5,459)
Total net assets/(liabilities)		**(5,134)**	**(5,046)**	**3,720**	**3,805**
Unrestricted Reserves					
Income and expenditure account		(8,400)	(8,312)	454	539
Revaluation reserve		3,266	3,266	3,266	3,266
Total unrestricted reserves		**(5,134)**	**(5,046)**	**3,720**	**3,805**

The financial statements on pages 27 to 54 were approved and authorised for issue by the Corporation on 19 December 2016 and were signed on its behalf on that date by:

Richard Wright

Chair

Paul Corcoran

Accounting Officer

Consolidated Statement of Cash Flows

	Notes	2016	Restated 2015
		£'000	£'000
Cash flow from operating activities			
Surplus/(Deficit) for the year		859	(829)
Adjustment for non-cash items			
Depreciation		3,031	2,812
(Increase)/decrease in stocks		(2)	7
(Increase)/decrease in debtors		168	(289)
Increase/(decrease) in creditors due within one year		731	(1,056)
Increase/(decrease in creditors due after one year		(1,858)	(2,553)
Increase/(decrease) in provisions		(1,809)	914
Pensions costs less contributions payable		764	865
Adjustment for investing or financing activities			
Investment income		(14)	(32)
Interest payable		1,182	994
Taxation paid		-	-
Loss on sale of fixed assets		10	1
Net cash flow from operating activities		3,062	834
Cash flows from investing activities			
Proceeds from sale of fixed assets		6	-
Investment income		16	32
Payments made to acquire fixed assets		(5,900)	(9,504)
Capital grants received		-	8,426
		(5,878)	(1,046)
Cash flows from financing activities			
Interest paid		(1,110)	(958)
Interest element of finance lease rental payments		(67)	(84)
New secured loans		2,500	2,000
Repayments of amounts borrowed		(1,002)	(738)
Capital element of finance lease rental payments		(299)	(268)
New finance leases		76	244
		98	196
Increase / (decrease) in cash and cash equivalents in the year		**(2,718)**	**(16)**
Cash and cash equivalents at beginning of the year	18	5,464	5,480
Cash and cash equivalents at end of the year	18	2,746	5,464

Notes to the Accounts

1. Statement of accounting policies and estimation techniques

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

Basis of preparation

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

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

Transition to the 2015 FE HE SORP

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

An explanation of how the transition to the 2015 FE HE SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the College is provided in note 24.

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

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

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

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiary undertakings, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. The College and the students' union are managed on a unified basis. All financial statements are made up to 31 July 2016. The Sheffield UTC Academy Trust is not consolidated in to the financial statements on the basis that legislation governing the disposal of UTC assets represents a severe long-term restriction on the College's power to control the trust.

Going concern

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

The College currently has £18.2m of loans outstanding with bankers on terms renegotiated in 2015. Additionally there is £2m of uncommitted facility available for unconditional drawdown with all being secured by a fixed and floating charge on College assets. 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.

The College did breach a loan financial performance covenant agreed with Barclays Bank during the financial year ended 31 July 2016. However, the College has received assurance from the bank that its existing loan facilities will not be recalled, and as such the College remains a going concern. Accounts have continued to be prepared on this basis, but with all loan balances with that bank reclassified as liabilities due within one year.

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

Recognition of income

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

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

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

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. The College has to date not been in receipt of any capital grants which are not Government grants as per FRS 102. If any other capital grants are received in the future they will be recognised in income when the College is entitled to the funds, subject to any performance related conditions being met.

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

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

Where the College receives and disburses funds in which it has no direct beneficial interest, such funds are excluded from the income and expenditure account on the grounds that the College does not have direct control over the future economic benefits derived from these funds. The College has applied this policy to certain funds received during the year from the SFA and EFA (see note 23).

Accounting for post-employment benefits

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

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

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

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

Further Details of the pension schemes are given in note 21.

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.

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by a college annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Non-current Assets - Tangible fixed assets

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

Land and buildings

Freehold buildings are depreciated on a straight line basis over their expected useful economic life to the College of fifty years. This policy applies to all College Freehold buildings.

Freehold land is not depreciated.

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

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1998, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Assets under construction

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

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Market value of the fixed asset has subsequently improved
- Assets capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the assets life beyond that conferred by repairs and maintenance

Buildings owned by third parties

Where land and buildings are used, but the legal rights are held by a third party [for example a charitable trust], they are only capitalised if the College has rights or access to ongoing future economic benefit.

These assets are then depreciated over their expected useful economic life.

Equipment

Equipment costing less than £2,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

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

- technical equipment 10 years
- motor vehicles 5 years
- computer equipment 5 years
- furniture, fixtures and fittings 10 years

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

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term. The College has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1st August 2014.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases, and the assets are treated as if they had been purchased outright.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. 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.

Assets which are held under hire purchase contracts which have the characteristics of finance leases are depreciated over their useful lives.

Investments

Investments in subsidiaries

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

Other investments

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

Inventories

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

Cash and cash equivalents

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

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

Financial liabilities and equity

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

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

Foreign currency translation

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

Taxation

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.
The College's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

Provisions and contingent liabilities

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

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

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

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

Agency arrangements

The College acts as an agent in the collection and payment of discretionary support funds and 16-19 Bursary Funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

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

2 Funding body grants

	Year ended 31 July		Year ended 31 July	
	2016	2016	2015	2015
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent grants				
Skills Funding Agency	10,768	10,768	13,118	13,118
Education Funding Agency	26,688	26,688	28,016	28,016
Higher Education Funding Council	624	624	494	494
Specific grants				
Access Funds	58	58	81	81
Education Funding Agency Free School Meals	123	123	123	123
Releases of government capital grants	1,463	1,463	1,556	1,556
Other funds	111	111	223	223
Total	**39,835**	**39,835**	**43,611**	**43,611**

3 Tuition fees and education contracts

	Year ended 31 July		Year ended 31 July	
	2016	2016	2015	2015
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	1,345	1,345	1,314	1,314
Apprenticeship fees and contracts	97	97	232	232
Fees for FE loan supported courses	742	742	943	943
Fees for HE loan supported courses	2,491	2,491	2,231	2,231
European (excluding UK) students	4	4	79	79
International students fees	416	416	631	631
Total tuition fees	5,095	5,095	5,430	5,430
Education contracts	1,171	1,171	1,201	1,201
Total	**6,266**	**6,266**	**6,631**	**6,631**

4 Other grants and contracts

	Year ended 31 July		Year ended 31 July	
	2016	2016	2015	2015
	Group	College	Group	College
	£'000	£'000	£'000	£'000
European Commission	129	129	771	771
Other grants and contracts	404	404	128	128
Total	**533**	**533**	**899**	**899**

5 Other income

	Year ended 31 July		Year ended 31 July	
	2016	2016	2015	2015
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	821	821	899	899
Other income generating activities	1,614	1,550	1,721	1,661
Total	**2,435**	**2,371**	**2,620**	**2,560**

6 Investment income

	Year ended 31 July		Year ended 31 July	
	2016	2016	2015	2015
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other interest receivable	14	14	32	32
Total	**14**	**14**	**32**	**32**

7 Staff costs – Group and College

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

	2016	2015
	No.	No.
Teaching staff	316	383
Non-teaching staff	525	544
	841	**927**

A full-time equivalent represents a working pattern of 37 hours per week and 52 weeks per year.

Staff costs for the above persons

	2016	2015
	£'000	£'000
Wages and salaries	25,274	28,494
Social security costs	1,801	1,935
Other pension costs	3,757	4,391
Payroll sub total	**30,832**	**34,820**
Contracted out staffing services	625	259
	31,457	**35,079**
Fundamental restructuring costs – Contractual	135	863
- Non contractual	183	1,269
Total Staff costs	**31,775**	**37,211**

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling College activities, and are represented by the Executive Team which comprises the Chief Executive, Principal and Directors. Staff costs include compensation paid to key management personnel for loss of office.

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

	2016	2015
	No.	No.
The number of key management personnel including the Accounting Officer was:	7	10

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

	Senior post-holders		Other staff	
	2016	2015	2016	2015
	No.	No.	No.	No.
£10,001 to £20,000 p.a.		1		1
£20,001 to £30,000 p.a.				
£30,001 to £40,000 p.a.	1			
£40,001 to £50,000 p.a.				
£50,001 to £60,000 p.a.	1	3		
£60,001 to £70,000 p.a.			1	1
£70,001 to £80,000 p.a.	1	1	1	
£80,001 to £90,000 p.a.		1		
£90,001 to £100,000 p.a.	2	2		
£100,001 to £110,000 p.a.				
£110,001 to £120,000 p.a.				
£120,001 to £130,000 p.a.				
£130,001 to £140,000 p.a.		1		
£140,001 to £150,000 p.a.	1			
	6	9	2	2

In the table above ranges below £50,000 relate to staff that were in post for less than 12 months in the respective years. The number of Senior post-holders has fallen following the restructuring exercise undertaken in 2015.

Key management personnel emoluments are made up as follows:

	2016	2015
	£'000	£'000
Salaries	573	656
Benefits in kind	-	-
Pension contributions	73	93
Total emoluments	646	749

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

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

	2016	2015
	£'000	£'000
Salaries	141	147
Benefits in kind	-	-
	141	147
Pension contributions to the Teachers Pensions Scheme	20	21

Compensation for loss of office paid to former key management personnel

	2016	2015
	£	£
Compensation paid to the former post-holder – contractual	3,000	60,000

The 2015 payments were approved by the College's Remuneration Committee, and the 2016 payment was approved by the College's Chair of Governors on behalf of the Governing Body.

Other than the Accounting Officer (Chief Executive), the staff governors and the student union governor no member received any payment from the institution, other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

8 Other operating expenses

	2016	2016	2015	2015
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	4,193	4,335	4,860	4,860
Non-teaching costs	4,568	4,523	4,953	5,196
Premises costs	2,583	3,027	2,970	3,604
Total	**11,344**	**11,885**	**12,783**	**13,660**

Other operating expenses include:	**2016**	**2015**
	£'000	**£'000**
Auditors' remuneration:		
Financial statements audit*	40	44
Internal audit**	54	37
Other services provided by the financial statements auditor (Taxation compliance & due diligence activities)	22	-
Payments to subcontractors & delivery partners	1,561	2,056

* includes £32,250 in respect of the College (2014/15 £30,000)

** includes £24,000 in respect of the College (2014/15 £24,000)

9 Interest payable – Group and College

	2016	2015
	£'000	£'000
On bank loans, overdrafts and other loans:	1,115	910
	1,115	910
On finance leases	67	84
Interest on enhanced pensions provisions	122	142
Pension finance costs (note 21)	760	679
Total	**2,064**	**1,815**

10 Taxation – Group and College

The members do not believe that either the College or the Group is liable for any Corporation Tax arising out of activities during either period.

11 Tangible fixed assets (Group)

	Land and buildings	Equipment	Assets in the course of construction	Total
	Freehold			
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2015 **(Restated)**	110,586	8,761	13,226	132,573
Additions	3,027	840	-	3,867
Transfers	13,226	-	(13,226)	-
Disposals	-	(275)	-	(275)
At 31 July 2016	**126,839**	**9,326**	**-**	**136,165**
Depreciation				
At 1 August 2015 **(Restated)**	18,695	6,748	-	25,443
Charge for the year	2,310	721	-	3,091
Elimination in respect of disposals	-	(259)	-	(259)
At 31 July 2016	**21,005**	**7,210**	**-**	**28,215**
Net book value at 31 July 2016	**105,834**	**2,116**	**-**	**107,950**
Net book value at 31 July 2015 **(Restated)**	91,891	2,013	13,226	107,130

Tangible fixed assets (College only)

	Land and buildings Freehold	Equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2015 **(Restated)**	110,58	8,721	13,226	132,533
Additions	3,027	840	-	3,867
Transfers	13,226	-	(13,226)	-
Disposals	-	(275)	-	(275)
At 31 July 2016	**126,83**	**9,286**	**-**	**136,125**
Depreciation				
At 1 August 2015 **(Restated)**	18,695	6,732	-	25,427
Charge for the year	2,310	713	-	3,023
Elimination in respect of disposals	-	(259)	-	(259)
At 31 July 2016	**21,005**	**7,186**	**-**	**28,191**
Net book value at 31 July 2016	**105,83**	**2,100**	**-**	**107,934**
Net book value at 31 July 2015 **(Restated)**	91,891	1,989	13,226	107,106

Land and buildings were valued in 1998 on a depreciated replacement cost basis by GVA Grimley, a firm of independent chartered surveyors, in accordance with the RICS Statement of Asset Valuation Practice and Guidance notes. Other tangible fixed assets inherited from the Local Education Authority at incorporation have been valued by the College on a depreciation replacement cost basis with the assistance of independent professional advice.

The net book value of equipment includes an amount of £290,000 (2014/15 – £557,000) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £343,000 (2014/15 – £356,500).

If fixed assets had not been revalued before being deemed as cost on transition they would have been included at the following historical cost amounts:

	£'000
Cost	Nil
Aggregate depreciation based on cost	Nil
Net book value based on cost	**Nil**

To reflect VAT rate changes which took place prior to 01 April 2014, the College has restated fixed asset balances as at 01 April 2014 to include £1.7m of additional VAT costs that are payable under the College's Hillsborough Campus and City Campus Lennartz schemes. The College's Lennartz VAT Deferment Creditor balance has also been restated to reflect payments due up to the conclusion of the Lennartz scheme arrangement. There is no impact on the College's net asset position as a result of this restatement.

12 Non-current investments

The College, along with four other equal partners, holds a 20% membership in Sheffield Futures, a registered charity and company limited by guarantee. Under the charities' Memorandum of Association the members undertake to contribute to the assets of the company such an amount as may be required, not exceeding £1 in the event of it being wound up.

The College, along with two other equal partners, holds a 33.3% membership in the Sheffield UTC Academy Trust, a charitable company limited by guarantee. Under the trust's Memorandum of Association the members undertake to contribute to the assets of the company such an amount as may be required, not exceeding £10 in the event of it being wound up.

The College owns 100 per cent of the issued ordinary £1 shares of Sparks Managed Services, a company incorporated in England and Wales. The principal business activity of Sparks Managed Services Limited is the provision of cleaning services.

The College owns 100 per cent of the issued ordinary £1 shares of Sparks Teaching Services Limited, a company incorporated in England and Wales. The principal business activity of Sparks Teaching Services Limited is the provision of part-time lecturing services.

The College owns 100% of the issued ordinary £1 shares of Sparks Solutions Limited, a company incorporated in England and Wales. The principal business activity of Sparks Solutions Limited is the provision of education, training and employment opportunities for Apprentices.

The College held a 100% membership in Enterprise Gateway Community Interest Company, a company incorporated in England and Wales. As a Community Interest Company it had members in place of shareholders. The company ceased trading in 2013/14 and was closed in 2014/15.

The College holds a 100% membership in The Sheffield College Students Trust, a registered charity and company limited by guarantee. Under the Charity's Memorandum of Association the members undertake to contribute to the assets of the company such an amount as may be required, not exceeding £1 in the event of it being wound up.

13 Debtors

	Group 2016 £'000	College 2016 £'000	Group 2015 £'000	College 2015 £'000
Amounts falling due within one year:				
Trade receivables	675	670	628	605
Amounts owed by group undertakings		100		292
Accrued Grant income	273	273	475	475
Prepayments and accrued income	364	364	154	154
Amounts owed by the Skills Funding Agency	142	142	366	366
Total	**1,454**	**1,549**	**1,623**	**1,892**

14 Creditors: amounts falling due within one year

	Group 2016 £'000	College 2016 £'000	Group 2015 £'000	College 2015 £'000
Bank loans and overdrafts	10,069	10,069	1,161	1,161
Obligations under finance leases	337	337	269	269
VAT Deferment Schemes	2,199	2,199	1,666	1,666
Trade payables	2,606	2,599	4,650	4,649
Amounts owed to group undertakings	-	-	-	164
Other taxation and social security	614	612	635	632
Other employment related creditors	726	726	489	489
Accruals and deferred income	1,461	1,461	1,233	1,233
Deferred income - government capital grants	1,323	1,323	1,461	1,461
Deferred income - government revenue grants	723	723	617	617
Amounts owed to the Skills Funding Agency & EFA	259	259	455	455
Total	**20,317**	**20,317**	**12,636**	**12,796**

Within the 2016 & 2015 Accruals and deferred income figures above is an amount of £342,000 relating to unused staff annual leave entitlement carried forward to be used in the following financial year.

15 Creditors: amounts falling due after one year

	Group 2016 £'000	College 2016 £'000	Restated Group 2015 £'000	Restated College 2015 £'000
Bank loans	8,149	8,149	15,559	15,559
Obligations under finance leases	335	335	626	626
VAT Deferment Schemes	2,624	2,624	3,157	3,157
Deferred income - government capital grants	51,736	51,736	53,061	53,061
Total	**62,844**	**62,844**	**72,403**	**72,403**

To reflect VAT rate changes which took place prior to 01 April 2014, the College has restated fixed asset balances as at 01 April 2014 to include £1.6m of additional VAT costs that are payable under the College's Hillsborough Campus and City Campus Lennartz schemes. The College's Lennartz VAT Deferment Creditor balance has also been restated to reflect payments due up to the conclusion of the Lennartz scheme arrangement. There is no impact on the College's net asset position as a result of this restatement.

16 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:	Group 2016 £'000	College 2016 £'000	Group 2015 £'000	College 2015 £'000
In one year or less	10,069	10,069	1,161	1,161
Between one and two years	797	797	1,213	1,213
Between two and five years	2,391	2,391	3,384	3,384
In five years or more	4,961	4,961	10,962	10,962
Total	**18,218**	**18,218**	**16,720**	**16,720**

The bank loans include:

A fixed term loan at a fixed rate of 8.02% repayable by quarterly instalments falling due between 1 August 2015 and 29 August 2017 totalling £188,000. This loan is secured on freehold properties on the City site (previously known as the Castle site).

A variable rate loan calculated at the LIBOR rate plus 0.51% and repayable by quarterly instalments falling due between 1 August 2015 and 8 February 2020 totalling £507,000. This loan is secured on a portion of the freehold Land and Buildings of the College.

A fixed term loan at a fixed rate of 7.82% until 4 December 2017 and thereafter at a variable rate calculated at the 3 month LIBOR rate plus 2.5% repayable by quarterly instalments falling due between 1 August 2016 and 4 December 2021 totalling £2,486,000. This loan is secured on the freehold properties on the Hillsborough site.

A variable rate loan calculated at the 3 month LIBOR rate plus 2.5% repayable by quarterly instalments falling due between 1 August 2015 and 1 December 2021 totalling £2,535,000. This loan is secured on the freehold properties on the Hillsborough site.

A fixed term loan at a fixed rate of 8.05% repayable by monthly instalments falling due between 1 August 2016 and 24 August 2035 totalling £4,483,000. The loan is secured on the freehold properties on the City site (previously known as the Castle site).

A fixed term loan at a fixed rate of 8.19% until 24 August 2020 and thereafter at the variable rate calculated at the 3 month LIBOR rate plus 2.85% repayable by monthly instalments falling due between 1 August 2015 and 24 August 2035 totalling £4,521,000. The loan is secured on the freehold properties on the City site (previously known as the Castle site).

A fixed term loan at a variable rate calculated at the 3 month LIBOR rate plus 2.5% and repayable by quarterly instalments falling due between 1 August 2015 and 24 July 2022 totalling £2,000,000.

A revolving credit facility of a maximum of £5,500,000, charged on a monthly basis at the LIBOR rate plus 3%. This facility expires on 3rd November 2016. The amount outstanding at this date will be taken as a term loan at a rate calculated as LIBOR plus 3% until 3rd November 2017.

The College did breach a financial performance covenant associated with some of its loans during the financial year ending 31 July 2016. However the College has received assurance from the relevant creditor that its existing loan facilities will remain in place. Further information is included within the Going Concern section of Note 1 on page 32.

(b) Finance leases

The net finance lease obligations to which the institution is committed are:

	Group 2016 £'000	College 2016 £'000	Group 2015 £'000	College 2015 £'000
In one year or less	337	337	269	269
Between two and five years	335	335	629	629
Total	**672**	**672**	**895**	**895**

Finance lease obligations are secured on the assets to which they relate.

17 Provisions

	Group and College				
	Defined benefit obligations	Restructuring	Enhanced pensions	Other	Total
	£'000	£'000	£'000	£'000	£'000
At 1 August 2015	20,018	1,197	3,512	750	25,477
Expenditure in the period	(2,098)	(1,117)	(6)	(750)	(3,971)
Transferred from income and expenditure account	12,574	-	64	-	12,638
At 31 July 2016	**30,494**	**80**	**3,570**	**-**	**34,144**

Defined Benefit Obligations

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

Enhanced Pensions Provision

Scheme to fund the estimated future costs of enhanced pensions granted to employees retiring early under the terms of the College's restructuring programmes. This provision has been calculated in accordance with guidance issued by the Skills funding Agency and the Association of Colleges. The charge to income and expense during the year is £121,000 (2014/15 £142,000). The actuarial gain or loss is recognised in the statement of total recognised gains and losses, during the current period a loss of £182,000 is recognised (2014/15 £77,000 loss). Payments of £239,000 (2014/15 £202,000) have been made against the provision and paid in to the scheme during the period.

The principal assumptions for this calculation are:

	2016	2015
Price inflation	2.3%	3.5%
Discount rate	1.3%	1.8%

Restructuring Provision

The College throughout 2014/15 and 2015/16 has undertaken a number of rationalisation exercises across its curriculum programmes and its programme delivery. Additionally a voluntary severance scheme has been offered to other College staff. The total cost of the whole restructuring exercise was estimated to be £2,132,000 and was charged to expenditure in 2014/15. Costs of £1,117,000 have been expensed against this provision in the year to July 2016 and the balance of £80,000 is expected to be expended in the period ending 31 July 2017.

Other Provisions

In 2014/15 Other Provisions included provisions of £750,000 for the cost of demolition and/or remedial building works for College owned properties.

18 Cash and cash equivalents

	At 1 August 2015	Cash flows	At 31 July 2016
	£'000	£'000	£'000
Cash and cash equivalents	5,464	(2,718)	2,746
Total	**5,464**	**(2,718)**	**2,746**

19 Capital and other commitments

	Group and College	
	2016	2015
	£'000	£'000
Commitments contracted for at 31 July	203	2,618
	203	2,618

20 Operating lease obligations

At 31 July 2016 the College had no annual commitments in relation to non-cancellable operating leases.

21 Defined benefit obligations

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

Total pension cost for the year		**2016**		**2015**
		£000		**£000**
Teachers' Pension Scheme: contributions paid		1,604		1,999
Local Government Pension Scheme:				
Contributions paid	2,098		2,001	
FRS 102 (28) charge	186		263	
Charge to the Statement of Comprehensive Income		2,284		2,264
Enhanced pension charge to Statement of Comprehensive Income		121		142
Total Pension Cost for Year		**4,009**		**4,396**

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

Teachers' Pension Scheme

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

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014.

The valuation report was published by the Department for Education on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.48% of pensionable pay; in line with current regulations, not including the additional 0.08% employers pay for the cost of Scheme administration;
- 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 £15.0 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

Lord Hutton, who chaired the Independent Public Service Pensions Commission, published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012, and, 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.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012.

The arrangements for a reformed Teachers' Pension Scheme, in line with the remainder of the recommendations made by Lord Hutton, have now been implemented. The Career Average Revalued earnings (CARE) scheme was implemented from 1 April 2015, whereby benefits will accrue on a career average basis and there is a normal pension age aligned to the state pension age.

The pension costs paid to TPS in the year amounted to £1,604,000 (2015: £1,990,000)

FRS 102 (28)

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by the South Yorkshire Pensions Authority. The total contributions made for the year ended 31 July 2016 were £285,000, of which employer's contributions totalled £178,000 and employees' contributions totalled £107,000. The agreed contribution rates for future years are 17.3% for employers and range from 5.5% to 7.5% for employees, depending on salary.

Principal Actuarial Assumptions

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

	At 31 July 2016	At 31 July 2015
Rate of increase in salaries	3.45%	3.95%
Future pensions increases	1.80%	2.20%
Discount rate for scheme liabilities	2.50%	3.80%
Inflation assumption (CPI)	1.70%	2.20%
Commutation of pensions to lump sums	50%	50%

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
	years	years
Retiring today		
Males	23.00	23.00
Females	25.70	25.60
Retiring in 20 years		
Males	25.40	25.30
Females	28.50	28.40

The College's share of the assets in the plan and the actual returns were:

	Fair Value at 31 July 2016	Fair Value at 31 July 2015
	£'000	£'000
Equities	47,559	42,347
Government bonds	12,216	10,195
Other bonds	5,049	4,206
Property	8,958	8,198
Cash/liquidity	1,384	1,283
Other	6,271	5,062
Total market value of assets	**81,437**	**71,291**
Actual return on plan assets	**10,132**	**6,199**

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

	2016	2015
	£'000	£'000
Fair value of plan assets	81,437	71,291
Present value of plan liabilities	(111,412)	(90,824)
Present value of unfunded liabilities	(519)	(485)
Net pensions (liability)/asset (Note 19)	**(30,494)**	**(20,018)**

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

	2016	2015
	£'000	£'000
Amounts included in staff costs		
Current service cost	2,284	2,082
Total	**2,284**	**2,082**
Amounts included in interest and other finance costs		
Net interest income	721	639
Administration expenses	39	40
	760	**679**

Amount recognised in Other Comprehensive Income

Return on pension plan assets	7,422	3,402
Changes in assumptions underlying the present value of plan liabilities	(16,952)	(6,613)
Amount recognised in Other Comprehensive Income	**(9,530)**	**(3,211)**

	2016	2015
Movement in net defined benefit (liability)/asset during year	£'000	£'000
Surplus/(deficit) in Scheme at 1 August	(20,018)	(15,865)
Movement in year:		
Current service cost	(2,284)	(2,082)
Employer contributions	2,098	2,001
Curtailments	-	(183)
Net interest on the defined (liability)/asset	(721)	(639)
Administration expenses	(39)	(40)
Actuarial gain or loss	(9,530)	(3,211)
Net defined benefit (liability)/asset at 31 July	**(30,494)**	**(20,018)**

Asset and Liability Reconciliation

	2016 £'000	2015 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	91,309	80,811
Current service cost	2,284	2,082
Interest cost	3,341	3,436
Contributions by Scheme participants	622	628
Changes in financial assumptions	16,952	6,613
Curtailments	-	182
Estimated benefits paid	(2,667)	(2,443)
Defined benefit obligations at end of period	**111,931**	**91,309**

	2016 £'000	2015 £'000
Reconciliation of Assets		
Fair value of plan assets at start of period	71,291	64,946
Interest on plan assets	2,710	2,797
Return on plan assets	7,422	3,402
Administration expenses	(39)	(40)
Employer contributions	2,098	2,001
Contributions by Scheme participants	622	628
Estimated benefits paid	(2,667)	(2,443)
Assets at end of period	**81,437**	**71,291**

22 Related party transactions

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

The total expenses paid to or on behalf of the Governors during the year was £250; 6 governors (2015: £450; 6 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year, in relation to their role as Governor. (2015: None)

The Sheffield UTC Academy Trust – an academy school trust in which the College is a member, and Ms Smith, Mr Pepper (both members of the Executive Team) and Mr Wright (Chair of Governors) are Directors.

Sales transactions in the year amounted to £126,000 (2015 - £86,000), relating to the provision of Financial, Human Resources and Premises services. The outstanding balance at the year end was £11,000 (2015 - £13,000)

Sheffield Chamber of Commerce – a professional membership organisation in which Mr Wright (Chair of Governors) is the Chief Executive Officer.

Sales transactions in the year amounted to £100 (2015 - £14,000), relating to the provision of staff training. The outstanding balance at the year end was £nil (2015- £100). Purchase transactions in the year amounted to £8,300 (2015 – £8,100), relating to membership fees and sponsorship. The outstanding balance at the year end was £nil (2015 - £nil).

Wosskow Brown – a legal firm in which Mr Brown, (Governor) is a Managing Partner

Sales transactions in the year amounted to £370 (2015 - £300), relating to the provision of staff training. The outstanding balance at the year end was £40 (2015 - £300)

There were no purchase transactions in the year (2015 - £1,500) & no outstanding balance (2015 - £nil).

23 Amounts disbursed as agent

Learner Support Funding and 16 to 19 Bursary Funding

	2016 £'000	2015 £'000
Funding body grants – hardship support and childcare	789	989
Funding body grants – 24+ Advanced Learner Loan Bursaries	280	280
Funding body grants – residential bursaries	2	-
Funding body grants – 16 to 19 Bursary Funding	856	1,023
	1,927	2,292
Disbursed to students	(1,673)	(1,920)
Administration costs	(97)	(115)
Balance unspent as at 31 July, included in creditors	157	257

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income. The income and expenditure consolidated in the College's financial statements relates to the purchase of some goods and services from the access fund for which payments are made by the College on the student's behalf.

24 Transition to FRS 102 and the 2015 FE HE SORP

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

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

	1st August 2014	
	Group £'000	College £'000
Financial Position		
Total reserves under previous SORP	7,837	8,007
Total effect of transition to FRS 102 and 2015 FE HE SORP	-	-
Total reserves under 2015 FE HE SORP	8,837	8,007

	Year ended 31st July 2015	
	Group £'000	College £'000
Financial performance		
Surplus for the year after tax under previous SORP	317	232
Pensions provision – actuarial loss	(3,288)	(3,288)
Changes to measurement of net finance cost on defined benefit plans	(1,146)	(1,146)
Total effect of transition to FRS 102 and 2015 FE HE SORP	(4,434)	(4,434)
Total comprehensive income for the year under 2015 FE HE SORP	(4,117)	(4,202)

a) Recognition of short term employment benefits

No provision for short term employment benefits such as holiday pay was required to be made under the previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. The College's annual leave year runs to 31 July each year for all staff and, therefore, corresponds to the accounting period. However, some employees are entitled to carry forward up to 5 days of any unused holiday/entitlement at the end of the leave year. The cost of any unused entitlement is recognised in the period in which the employee's services are received. A provision of £342,000 was recognised at 31 August 2015 in the published financial statements for 2014/15, before the transition to FRS 102 was complete. Following full adoption of FRS 102 this provision has been converted into an accrual of £342,000 at 31 August 2015 and 31 August 2016.

b) Non-government grants accounted for under performance model

Under the previous UK GAAP and 2007 SORP, capital grants from sources other than those now classified as "government" under FRS 102 and the 2015 FE HE SORP were able to be capitalised and amortised over the remaining useful economic life of the relevant fixed assets. This accounting treatment is no longer available for non-government grants and the College's Accounting Policies have been amended such that any future non-government grants will be accounted for under the performance model and treated as if they had been credited to Comprehensive Income immediately that the performance conditions have been met. The College has not been in receipt of any such grants to date, and therefore no adjustment to the 2015 results has been necessary.

c) Change in recognition of defined benefit plan finance costs

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

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

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