The Sheffield College

Report of the members of the Corporation and Financial Statements

For the 12 month period from
1 August 2014 to 31 July 2015

Members' report and financial statements

Contents

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 means the composite body of City College, Norton College and Hillsborough College.
- 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
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 the Charities Act 1993 as amended by the Charities Act 2006.

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 variety of locations across the city of Sheffield, with main campuses located at:

- Sheffield City College – Granville Road, Sheffield S2 2RL
- Sheffield College of Applied Engineering – Olive Grove Road, Sheffield S2 3GE
- Sheffield Norton College – Dyche Lane, Sheffield S8 8BR
- Sheffield Hillsborough College – Livesey Street, Sheffield S6 2ET
- Sheffield Peaks College – Waterthorpe Greenway, Sheffield S20 8LY

The Sheffield College has three subsidiary companies:

- Sparks Managed Services Ltd. incorporated in 2011, this company provides cleaning and caretaking services to the College. In the financial year ending 31 July 2015, this company broke even.
- Sparks Teaching Services Ltd. incorporated in 2012, this company employs temporary teaching staff to the College. In the financial year ending 31 July 2015, this company broke even.
- Sparks Solutions Ltd. incorporated in 2014, this company provides sales business support services to the College. In the financial year ending 31 July 2015, this company made a loss of £69,041 as a consequence of commercial activity which ceased during the year.

Throughout these financial statements, any reference to The Sheffield College Group includes these subsidiaries. Any reference to The Sheffield College excludes these subsidiaries.

The College 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.

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.

Financial Objectives

Key financial targets for the College are set each year as part of the strategic planning process. In July 2014 the following targets were stipulated by Governors:

1. To maintain an appropriate level of liquidity with cash reserves of £386,000 at 31 July 2015.

The College has exceeded this target by a significant margin through the careful management of its working capital position throughout the 2014/15 financial year. It has also benefitted from some delay to the anticipated payments in respect of capital works, which occurred later than originally planned/ As a consequence, at 31 July 2015 the College had cash reserves of £5,464,000 and had achieved 38 cash days in hand. (The College also achieved cash days in hand of 38 days in 2013/14).

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 24%.

The College has not achieved this target. Non-EFA or SFA income as a proportion of total cash income in 2014/15 was 21.3%. (However, this represented some improvement on 18.9% income diversity achieved by the College in 2013/14).

3. To deliver an operating surplus of at least £969,000 excluding any accelerated depreciation costs related to the disposal of the Norton College campus.

The College has not achieved this target, generating an operating surplus of £233,000 before the accelerated depreciation costs and capital grant releases relating to Norton are taken into account. However, the operating surplus for this year did include exceptional restructuring costs of £2,132,000 that the College had originally planned to incur in 2015/16. (In 2013/14 the College generated an operating surplus of £823,000).

4. To reduce the proportion of income spent on direct and agency staffing costs to no more than 67% of turnover.

The College has achieved this target, as direct and agency staffing costs in 2014/15 were 64.6% of turnover. (In 2013/14, staffing costs were 68.6% 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 College generated an operating surplus before the disposal of assets in the year of £233,000 (2013/14 - operating surplus of £823,000).

The College's reserves on 31 July 2015 (excluding the revaluation reserve, the FRS17 pension reserve and restricted reserves) stood at £20,557,000 (31 July 2014 - £20,498,000).

Treasury Management

The College benefitted from the receipt of Skills Funding Agency capital grant funding in 2014/15, and took out a loan of £2,000,000 with Allied Irish Bank in July 2015 to help meet the cost of extending the Hillsborough and Olive Grove campuses.

The College continued to pay down its loans during the year and has met all financial performance covenants associated with these.

Cash Flows

The College realised a net cash inflow on operating activities of £834,000 during 2014/15 (£2,285,000 in 2013/14).

The net decrease in the College cash position for the year ending 31 July 2015 was £16,000 (the College saw a net cash decrease of £562,000 for the year ending 31 July 2014).

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 present some liquidity challenges over the next few years.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student Numbers

In 2014/15 the College delivered provision that produced £41,134,000 in cumulative recurrent grant funding (2013/14 - £42,563,000) from the Education Funding Agency, the Skills Funding Agency and the Higher Education Funding Council for England. The College had 5,771 EFA funded students and 9,936 Skills Funding Agency funded students.

Student Achievements

In 2014/15 students at the College achieved an overall success rate of 78%, a decline on the rate of 83% achieved in 2013/14. This was driven at least in part by a substantial increase in the volume of maths and English courses offered by the College as a consequence of changes in EFA funding methodology.

Curriculum Developments

The College was subject to an Ofsted inspection in May 2013. This judged the College to be 'good' in terms of overall effectiveness, and noted in particular:

- Teaching, learning and assessment are mostly good. Much effective learning takes place outside of lessons and teachers and trainers rigorously monitor the achievement and progress of students and apprentices.
- Students benefit significantly from high quality, individualised support from teachers, trainers and specialist support staff. This support plays a crucial role in helping them to achieve.
- Leaders and managers of the college have demonstrated their ability to bring about significant improvements in the facilities, guidance and support experienced by students, and the impact of these is evident in the marked increases in success rates for most types of course.
- The College uses its excellent range of external partnerships very effectively to develop the curriculum, raise the aspirations of students and increase their employability.

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 (UTC Olympic Legacy Park) in Sheffield, and is working to ensure that this will open in September 2016. Capital funding for construction of a new campus for this second UTC was confirmed by the EFA in November 2015.

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 after the end of the 2014/15 financial year. One consequence of this is that both UTCs will be accounted for as subsidiaries of The Sheffield College in 2015/16, and consolidated into the financial statements of The Sheffield College Group.

The College continued to expand the breadth and volume of its apprenticeship provision during 2013/14, developing new partnerships with a number of employers and introducing several new frameworks such as that for accounting technicians.

Capital Projects

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 2014 to 31 July 2015, 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 2015/16 financial year of £27,438,925. Funding from the Skills Funding Agency has been confirmed at £9,496,109 for the same period, with a 24+ Advanced Learning Loans allocation of £2,068,061.

It is anticipated that participation levels for directly funded provision aimed at 16-18 learners will decrease in 2015/16 due to demographic, curriculum and accommodation changes. However, the overall proportion of our 16-18 learners enrolled on full-time programmes will increase.

The College had been allocated £590,908 of funding from the Skills Funding Agency to facilitate the provision of ESOL courses to learners mandated to study by Job Centre Plus in 2015/16. Despite planning the provision facilitated by this grant, the College was notified by the SFA just 11 days prior to the start of the 2015/16 financial year that this funding was being withdrawn. Not only did this late change place particular pressure on the College in terms of business planning, it also means that a genuine local need for skills training for the unemployed is likely to go unfilled.

As noted previously, the College has set up a multi-academy trust and will bring both UTC Sheffield and UTC Olympic Legacy Park into this during 2015/16.

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, and the College awaits the outcome of the November 2015 CSR with some trepidation. 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.

The prospect of apprenticeship funding being allocated directly to employers rather than colleges and other training providers appears to be increasingly likely. The current tuition fee loan system in operation for further education looks likely to be expanded 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.

The Education Funding Agency and the Skills Funding Agency introduced new funding methodologies for 2013/14. The financial implications of these changes were limited in the first instance but have become more apparent, particularly as the College has seen a fall in 16-18 learner numbers.

Area Based Review and Devolution

At a regional level, two key changes are likely to have a profound impact on the College in 2015/16 and beyond. The first of these is the Area Review Process which will consider the supply of further education provision for the Sheffield City Region in 2015/16. It is currently anticipated that this review will recommend considerable structural change to the FE sector in the region, with some colleges closed or required to merge. In addition to this, the devolution of skills funding from central government to the Sheffield City Region Combined Authority could 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 78% in 2014/15 (down from 83% in 2013/14).

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 Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Acts 2001 and 2005. 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.

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

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.

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 "Code of Good Governance for English Colleges"; and
iii. having due regard to the UK Corporate Governance Code ("the Code") insofar as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College/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 2015. 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.

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.

The Corporation

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

Name	Date of appointment	Term of office	Date of resignation /retirement	Status of appointment	Committees served	Attendance at meetings
Chris Addy	26/9/2011	3 years		Resigned 11/11/14	Governing Body Audit & Risk Assurance until 1 April 2014 FEGP from 1/4/2014	0% 0% 0%
Kathy Atkin (Staff)	31/3/2010 (Re-appointed 31/3/2014 for 2 years until 31/8/2016)	4 years + 2 years		Current	Governing Body Audit & Risk Assurance	88% 100%
Mike Atkins	1/9/2008	8 years		Current	Governing Body Planning & Performance Search	88% 100% 100%
Jay Bhayani	1 September 2015	2 years		Current		
James Bangert (Student)	19 May 2015	1 year + 1 year		Current	Governing Body Planning & Performance	50% 25%
Ian Brown	15 December 2014	2 years		Current	Governing Body Appointed to FEGP 1/9/2015	100%
Paul Corcoran (Chief Executive)	22 June 2015	Ex-officio Chief Executive		Current	Governing Body FEGP Planning & Performance, Remuneration	100% 100% - -
Neil Fletcher	1/9/2009	8 years		Current	Governing Body Audit & Risk Assurance (Chair)	100% 100%
Edward Highfield	1/9/2013	2 years + 6 years		Current	Governing Body Planning & Performance	88% 50%
Carl Lee (Staff)	1/9/2014	2 years	Resigned 31/12/2014	Resigned	Governing Body	100%
Chris Linacre	25/3/2012	4 years		Current	Governing Body Audit & Risk Assurance Planning & Performance, Remuneration	88% 100% 50%
Heather MacDonald	1/9/2008	Ex-officio Chief Executive		Retired 21 June 2015	Governing Body FEGP Planning & Performance, Remuneration	100% 100% 100% 100%
Pete Norton (Staff)	2/3/2015	2 years		Current	Governing Body Planning & Performance (appointed 27/4/2015)	80% 100%
Sally Neocosmos	1/9/2009	8 years		Current Vice Chair of Governing Body	Governing Body FEGP (Chair from 1/9/2013 to 31/8/2015), Remuneration	100% 87%
Valerie Petersen (Staff)	16/5/2011	4 years	Resigned 31/8/2014	Resigned	Governing Body Planning & Performance	58% 75%
Seb Schmoller	1/9/2008	8 years		Current Vice Chair of Governing Body	Governing Body Planning & Performance (Chair) Search	100% 100% 100%
Kim Streets	31/10/2013 (Re-appointed 1 November for 6 years)	2 years + 6 years		Current	Governing Body Appointed to Audit & Risk Assurance Committee 1/4/2014	60% 75%
Liz Swynnerton	1/9/2007	8 years	Resigned 31/8/2014	Resigned	Governing Body FEGP Search	87% 63% 100%
Graeme Symonds	31/10/2013	2 years	13/8/2014	Resigned	Governing Body Appointed to FEGP 1/4/2014	29% 66%
John Timms	1/9/2012	4 years		Current	Governing Body Planning & Performance	75% 50%

Gil Vasey	31/8/2014	2 years		Current	Governing Body FEGP (Chair from 31/7/2015)	88% 71%
Ben Walters (Student)	1/9/2014	1 year	31/8/2015	Retired	Governing Body Planning & Performance	100% 50%
Anne Wilson	31/8/2015	2 years		Current	Governing Body	
Richard Wright	26/9/2011 (Re-appointed 31 July 2015 for 4 years)	4 years + 4 years		Current Chair of Governing Body from 1/9/2013	Governing Body FEGP Remuneration Search	100% 100% 100%

The following Members were appointed/resigned during the period 1 August 2014 to 31 July 2015

I. Chris Addy resigned 11 November 2014
II. Kathy Atkin Re-appointed 31 March 2014 for 2 years until 31 August 2016
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. Ian Brown Appointed 15 December 2014
VI. Paul Corcoran Appointed 22 June 2015
VII. Carl Lee (Staff) Appointed 1 September 2014, resigned 31 December 2014
VIII. Pete Norton (Staff) Appointed 2 March 2015
IX. Valerie Petersen Resigned 31 August 2014
X. Liz Swynnerton Resigned 31 August 2014
XI. Graeme Symonds Resigned 13 August 2014
XII. Gil Vasey Appointed 31 August 2014
XIII. Anne Wilson Appointed 1 September 2015

Val Struggles acts as the Clerk to the Corporation.

Statement of Corporate Governance and Internal Control

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 2014/15 comprised of Mike Atkins, Seb Schmoller, Richard Wright and in attendance the Chief Executive. Kathy Atkin and Sally Neocosmos were appointed to the Committee in Summer 2015. 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.

Remuneration Committee

Throughout the year ending 31 July 2015, membership of the College's Remuneration Committee comprised of Richard Wright, Chris Linacre, Sally Neocosmos and in attendance, Heather MacDonald, 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.

Statement of Corporate Governance and Internal Control (continued)

Details of remuneration for the year ended 31 July 2015 are set out in note 8 to the financial statements.

Audit & Risk Assurance Committee

The Audit & Risk Assurance Committee comprises five members including Neil Fletcher, Kathy Atkin, Chris Linacre, Kim Streets who are Governors and Brian Fordham, a co-opted member, of the Corporation. Brian Fordham resigned from the Committee in Spring 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 monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee.

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

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

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 2015 and up to the date of approval of the annual report and financial statements.

Statement of Corporate Governance and Internal Control (continued)

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2015 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 committee. At minimum annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. 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 regularity auditors, in their management letters and other reports.

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

Statement of Corporate Governance and Internal Control (continued)

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 Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Management Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2015 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2015 by considering documentation from the Senior Management Team and internal audit, and taking account of events since 31 July 2015.

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

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.

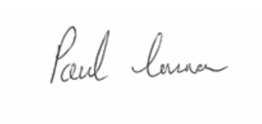
We confirm, on behalf of the Corporation, that ***to the best of its knowledge***, the Corporation believes it is able to identify any material irregular or improper use of funds by the College, or material non-compliance with the Skills Funding Agency's terms and conditions of funding under the College's 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.

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 14 December 2015 and signed on its behalf by:

Richard Wright
Chair of the Governing Body



Paul Corcoran
Accounting Officer

Statement of the 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 *2007 Statement of Recommended Practice – Accounting for Further and Higher Education* and with the *Accounts Direction for 2014/15 financial statements* issued jointly by the Skills Funding Agency and the EFA, 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 14 December 2015 and signed on its behalf by:

Richard Wright
Chair of the Corporation

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 2015 set out on pages 23 to 53. The financial reporting framework that has been applied in their preparation is applicable law and UK Generally Accepted Accounting Practice.

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 Corporation's responsibilities set out on page 18, 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 (APB'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 Operating and Financial Review 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 2015 and of the Group's surplus for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education.

Opinion on other matters prescribed by the Joint Audit Code of Practice issued jointly by the Skills Funding Agency and the Education Funding Agency

In our opinion:

- proper accounting records have been kept, and
- the financial statements are in agreement with the accounting records.

Clare Partridge
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds LS1 4DA

Date: 21 December 2015

Reporting Accountant's Report on Regularity to the Corporation of The Sheffield College and the Secretary of State for Business, Innovation and Skills 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 2014 to 31 July 2015 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 1 August 2014 to 31 July 2015 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 negative 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 2014 to 31 July 2015 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

Date: 21 December 2015

Consolidated income and expenditure account
for the year ended 31 July 2015

	Notes	Group 31 July 2015 £'000	College 31 July 2015 £'000	Group 31 July 2014 £'000	College 31 July 2014 £'000
Income					
Funding body income	2	43,439	43,439	44,940	44,940
Exceptional SFA restructuring fund income	2	-	-	-	-
Tuition fees and education contracts	3	6,631	6,631	5,814	5,814
Other grant income	4	948	948	921	907
Other operating income	5	2,743	2,683	2,566	2,506
Investment income	6	455	455	29	29
Total income		**54,216**	**54,156**	**54,270**	**54,196**
Expenditure					
Staff costs	7	35,035	34,285	37,223	36,539
Exceptional staff costs – restructuring	7	2,132	2,038	-	
Other operating expenses	9	12,843	13,712	12,248	12,817
Depreciation	13	2,760	2,752	2,789	2,781
Interest payable	10	1,136	1,136	1,236	1,236
Total expenditure		**53,906**	**53,923**	**53,496**	**53,373**
Surplus on continuing operations prior to costs relating to the property strategy		310	233	774	823
Accelerated depreciation on buildings		-	-	(1,176)	(1,176)
Release of capital grants related to accelerated depreciation		-	-	427	427
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before exceptional items and tax		310	233	25	74
Gain/(loss) on disposal of assets		(1)	(1)	-	-
Surplus/(Deficit) on continuing operations after depreciation of assets at valuation, exceptional items, disposals of assets but before tax	12	**309**	**232**	**25**	**74**
Taxation	11	-	-	-	-
Surplus on continuing operations after depreciation of assets at valuation, exceptional items, disposal of assets and tax		**309**	**232**	**25**	**74**

The income and expenditure account is in respect of continuing activities.

The notes on pages 27 to 53 form an integral part of these Financial Statements.

CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS FOR THE YEAR ENDED 31 JULY 2015

	Note	**Group 31 July 2015 £'000**	**College 31 July 2015 £'000**	**Group 31 July 2014 £'000**	**College 31 July 2014 £'000**
Surplus/(Deficit) on continuing operations after depreciation of assets at valuation, exceptional items, disposal of assets and tax		309	232	25	74
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued	*21*	108	108	109	109
Difference between historical cost depreciation and the accelerated charge on revalued assets		-	-	690	690
Historical cost Surplus/(Deficit) for the Period before tax		**417**	**340**	**824**	**873**
Historical cost Surplus/(Deficit) for the Period after tax		**417**	**340**	**824**	**873**

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 JULY 2015

	Note	**Group 31 July 2015 £'000**	**College 31 July 2015 £'000**	**Group 31 July 2014 £'000**	**College 31 July 2014 £'000**
Surplus/(Deficit) on continuing operations after depreciation of tangible fixed assets at valuation, disposal of assets and tax		309	232	25	74
Actuarial gain/(loss) in respect of TPA Enhanced Pensions	19	(77)	(77)	(34)	(34)
Actuarial gain/(loss) in respect of the South Yorkshire Pension Scheme	23	(4,357)	(4,357)	788	788
Total recognised gains/(losses) since the last period		**(4,125)**	**(4,202)**	**779**	**828**
Reconciliation					
Opening reserves		7,837	8,007	7,058	7,179
Total recognised gains/(losses) for the year		(4,117)	(4,202)	779	828
Closing reserves		**3,720**	**3,805**	**7,837**	**8,007**

BALANCE SHEET AS AT 31 JULY 2015

	Note	**Group 31 July 2015 £'000**	**College 31 July 2015 £'000**	**Group 31 July 2014 £'000**	**College 31 July 2014 £'000**
Fixed assets					
Tangible assets	13	105,458	105,434	96,479	96,447
Investments	14	-	-	-	-
		105,458	105,434	96,479	96,447
Current assets					
Stock		19	19	26	26
Debtors	*15*	1,623	1,892	1,334	1,507
Cash at bank and in hand		5,464	5,464	5,480	5,480
Total current assets		7,106	7,375	6,840	7,013
Creditors: amounts failing due within one year	16	10,835	10,995	9,560	9,531
Net current assets/liabilities		**(3,729)**	**(3,620)**	**(2,720)**	**(2,518)**
Total assets less current liabilities		**101,729**	**101,814**	**93,759**	**93,929**
Creditors: amounts falling due after more than one year	*17*	17,670	17,670	17,860	17,860
Provisions for liabilities and charges	*19*	5,799	5,799	4,545	4,545
Net assets excluding pension asset/(liability)		**78,260**	**78,345**	**71,354**	**71,524**
Net pension asset/(liability)	*23*	(20,018)	(20,018)	(15,865)	(15,865)
NET ASSETS INCLUDING PENSION ASSET/(LIABILITY)		**58,242**	**58,327**	**55,489**	**55,659**
Deferred capital grants	*20*	54,522	54,522	47,652	47,652
Reserves					
Revaluation reserve	*21*	3,266	3,266	3,374	3,374
Other reserves	*21*	-	-	-	-
Income and expenditure account excluding pension reserve	22	20,472	20,557	20,328	20,498
Pension reserves	*22*	(20,018)	(20,018)	(15,865)	(15,865)
Total reserves		**3,720**	**3,805**	**7,837**	**8,007**
TOTAL FUNDS		**58,242**	**58,327**	**55,489**	**55,659**

The notes on pages 27 to 53 form an integral part of these Financial Statements.

The financial statements on pages 23 to 53 were approved by the Corporation on 14 December 2015 and were signed on its behalf by:

Richard Wright
Chair of the Governing Body

Paul Corcoran
Chief Executive

Consolidated cash flow statement
for the year ended 31 July 2015

	Note	**Group 31 July 2015 £'000**	**College 31 July 2015 £'000**	**Group 31 July 2014 £'000**	**College 31 July 2014 £'000**
Net cash inflow (outflow) from operating activities	*24*	834	834	2,303	2,285
Net cash inflow/(outflow) from returns on investments and servicing of finance	*26*	(1,010)	(1,010)	(1,116)	(1,116)
Net cash inflow/(outflow) for Capital expenditure and financial investment	*26*	(1,078)	(1,078)	(1,054)	(1,014)
Taxation	*11*	-	-	-	-
Net cash inflow/(outflow) from financing	*26*	1,238	1,238	(717)	(717)
(Decrease)/Increase in cash in the period		**(16)**	**(16)**	**(584)**	**(562)**
Reconciliation of net cash flow to movement in net funds/(debt)					
(Decrease)/Increase in cash in the period		(16)	(16)	(584)	(562)
Cash outflow from new loans		(2,000)	(2,000)	-	-
Cash outflow from loan repayments		738	738	757	757
Cash outflow from finance lease repayments		268	268	175	175
Change in net funds (debt) resulting from cashflows		**(1,010)**	**(1,010)**	**348**	**370**
New finance leases		**(244)**	**(244)**	**(215)**	**(215)**
Movement of net funds (debt) in the period		**(1,254)**	**(1,254)**	**133**	**155**
Net funds (debt) at 1 August	***25***	**(10,897)**	**(10,897)**	**(11,030)**	**(11,052)**
Net funds (debt) at 31 July	***25***	**(12,151)**	**(12,151)**	**(10,897)**	**(10,897)**

The notes on pages 27 to 53 form an integral part of these Financial Statements.

Notes

1. Statement of accounting policies

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

Basis of preparation

These financial statements have been prepared in accordance with the 2007 Statement of Recommended Practice (SORP): *Accounting for Further and Higher Education* and in accordance with applicable Accounting Standards. They conform to guidance published jointly by the Skills Funding Agency and the EFA in the 2014/15 Accounts Direction.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom Accounting Standards.

Going concern

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

The College currently has £16.7m of loans outstanding with bankers on terms re negotiated in 2015. The terms of the existing agreement are for up to another 20 years. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

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

Basis of consolidation

The consolidated financial statements of the group include the financial statements of the College and its subsidiary undertakings. The results of subsidiary and associated undertakings acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to the date on which control of the undertaking passes. Intra-group sales and profits are eliminated fully on consolidation. All financial statements are prepared to 31 July 2015.

Recognition of income

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

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the adult learner responsive funding element 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. Employer responsive grant income is recognised based on a year-end reconciliation of income claimed and actual delivery with the Skills Funding Agency. 16-18 learner-responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments.

Notes (continued)

1. Statement of accounting policies (continued)

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

Other discrete grants and funding received from the Skills Funding Agency (SFA) and Education Funding Agency (EFA) received during the year are taken to income as expenditure is incurred in line with the specific terms and conditions attached to each fund by the funding bodies.

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 32).

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

Income from grants, contracts and other services rendered is included to the extent the conditions of the funding have been met or the extent of the completion of the contract or service concerned.
All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned. Income from restricted purpose endowment funds not expended in accordance with the restrictions of the endowment in the period is transferred from the income and expenditure account to accumulated income within endowment funds.

Post retirement benefits

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the South Yorkshire Pensions Authority Scheme (SYPA). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme (SERPS).

Contributions to the TPS scheme are charged as incurred to the income and expenditure account 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 quinquennial valuations using a prospective benefit method.

The assets of the SYPA are measured using closing market values. SYPA liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Further details of the pension schemes are given in note 23.

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 and expenditure account 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.

Notes (continued)

1. Statement of accounting policies

Tangible fixed assets

Land and buildings

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of fifty years. Leasehold land and buildings are amortised over fifty years or, if shorter, the period of the lease. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

On adoption of FRS 15, the College followed the transitional provisions to retain the book value of land and buildings, which were revalued in 1998, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

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

Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of the cost of those assets.

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(s) may not be recoverable.

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.

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.

Notes (continued)

1. Statement of accounting policies

Equipment

Equipment costing less than £2,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the Local Education Authority is included in the balance sheet at valuation.

All capitalised equipment is depreciated over its useful economic life as follows:

Information Technology equipment	-	5 years
Motor vehicles and general equipment	-	5 years
General equipment	-	10 years
Furniture 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 account and released to the income and expenditure account over the expected useful economic life of the related equipment.

Leased assets

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

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

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

Investments and endowment assets

Fixed asset investments are carried at historical cost less any provision for impairment in their value.

Listed investments held as fixed assets or endowment assets are stated at market value.

Current asset investments, which may include listed investments, are stated at the lower of their cost and net realisable value.

Stocks

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

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 year with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

Notes (continued)

1. Statement of accounting policies

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 Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the 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.

Liquid resources

Liquid resources include sums on short-term deposits with recognised banks and building societies and government securities.

Provisions

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

Cash

Cash for the purposes of the cash flow statement comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand.

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 main funding body and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in note 32 except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant.

2 FUNDING COUNCIL GRANTS

	Notes	**Group 31 July 2015 £'000**	**College 31 July 2015 £'000**	**Group 31 July 2014 £'000**	**College 31 July 2014 £'000**
Skills Funding Agency Recurrent Grant		13,118	13,118	13,309	13,309
Education Funding Agency Recurrent Grant		28,016	28,016	29,254	29,254
Adjustment to SFA/EFA recurrent funding relating to previous year		-	-	48	48
Higher Education (HEFCE) grant		494	494	425	425
HE Development Fund		-	-	117	117
Releases of deferred capital grants					
Buildings		1,236	1,236	1,042	1,042
Equipment		271	271	299	299
Access funds		81	81	82	82
Other funds		223	223	364	364
Total		**43,439**	**43,439**	**44,940**	**44,940**

3 Tuition fees and education contracts

	Group 31 July 2015 £'000	College 31 July 2015 £'000	Group 31 July 2014 £'000	College 31 July 2014 £'000
Tuition Fees	5,430	5,430	4,820	4,820
Education contracts	1,201	1,201	994	994
Total	**6,631**	**6,631**	**5,814**	**5,814**

4 Other grants and contract income

	Group 31 July 2015 £'000	College 31 July 2015 £'000	Group 31 July 2014 £'000	College 31 July 2014 £'000
European Grant funding	771	771	342	328
Other Grant and contracts	128	128	529	529
Releases from deferred capital grants (non-Funding Council)	49	49	50	50
Total	**948**	**948**	**921**	**907**

5 Other operating income

	Group 31 July 2015 £'000	College 31 July 2015 £'000	Group 31 July 2014 £'000	College 31 July 2014 £'000
Catering and residence operations	1,022	1,022	977	977
Other income	1,721	1,661	1,589	1,529
Total	**2,743**	**2,683**	**2,566**	**2,506**

6 Investment income

	Group 31 July 2015 £'000	College 31 July 2015 £'000	Group 31 July 2014 £'000	College 31 July 2014 £'000
Bank deposit interest income	32	32	29	29
Pension finance income	423	423	-	-
Total	**455**	**455**	**29**	**29**

7 Staff costs

The average number of persons employed by the group (including senior post holders) during the year, expressed as full-time equivalents, was as follows:

	Group 2015 Number	College 2015 Number	Group 2014 Number	College 2014 Number
Teaching staff	383	383	418	418
Non-Teaching staff	544	476	561	504
Total	**927**	**859**	**979**	**922**

The staff numbers do not include estimates of the staff numbers employed through agencies and contracting out arrangements.

Notes *(continued)*

Staff costs for the above persons

	Notes	Group 31 July 2015 £'000	College 31 July 2015 £'000	Group 31 July 2014 £'000	College 31 July 2014 £'000
Teaching staff		15,549	15,549	16,853	16,853
Other staff		15,561	14,801	15,625	14,941
Staff restructuring costs		2,132	2,038	80	80
FRS 17 retirement benefits charges	23	219	219	479	479
Other pension costs		-	-	-	-
Total College staff		**33,461**	**32,607**	**33,037**	**32,353**
Contracted out lecturing services		3,557	3,567	4,137	4,137
Other Agency staff		149	149	49	49
Exceptional restructuring costs		-	-	-	-
Total		**37,167**	**36,323**	**37,223**	**36,539**

	Group 31 July 2015 £'000	College 31 July 2015 £'000	Group 31 July 2014 £'000	College 31 July 2014 £'000
Wages and salaries	25,047	24,507	26,973	26,318
Social security costs	1,935	1,715	1,882	1,853
Other pension costs (including FRS 17 adjustments)	4347	4347	4102	4102
	31,329	30,569	32,957	32,273
Agency and Contracted Out Lecturing Staffing	3,706	3,716	4,186	4,186
Staff restructuring costs	2,132	2,038	80	80
Total	**37,167**	**36,323**	**37,223**	**36,539**

The number of senior staff who received annual emoluments, excluding pension contributions, but including benefits in kind, in excess of £60,000 in the following ranges was

	Group 31 July 2015 Number of staff	College 31 July 2015 Number of staff	Group 31 July 2014 Number of staff	College 31 July 2014 Number of staff
£60,001 to £70,000	2	2	2	2
	2	2	2	2

A general pay award was made to all staff below the Leadership and Management Team from 1 February 2015 of 1%.

Members of the Leadership and Management Team were awarded differentiated pay awards based upon performance effective 1 February 2015. Senior Post Holders received performance pay award of between 0% and 1% effective from 1 February 2015.

During the year ended 31 July 2014 a general pay award was made to all staff below the Leadership and Management Team from 1 February 2014 of 1%.

During the year ended 31 July 2014 members of the Leadership and Management Team were awarded differentiated pay awards based upon performance effective 1 February 2014.

Senior Postholders received a performance pay award of between 0% and 3.19% effective 1 January 2014.

Notes *(continued)*

8 Emoluments of senior postholders

Senior postholders are defined as the Chief Executive Officer and holders of other senior posts whom the Governing Body have selected for the purposes of the Articles of Government of the College relating to the appointment and promotion of staff who are appointed by the Governing Body. The Governing Body have determined that six posts (2013-14 eight posts) should be designated as senior post holders. During the year to 31 July 2015, nine members of staff held a senior postholder role.

	2015 Number	2015 Number	2014 Number	2014 Number
The number of senior post holders serving in the period including the Chief Executive Officer	9	9	8	8

Senior post-holders' emoluments are made up as follows:

	Group 31 July 2015 £'000	College 31 July 2015 £'000	Group 31 July 2014 £'000	College 31 July 2014 £'000
Salaries	656	656	697	697
Benefits in kind	-	-	-	-
Pension contributions	93	93	98	98
Total emoluments	**749**	**749**	**795**	**795**

During the year one senior postholder resigned and was not replaced. During the year one senior postholder was made redundant following a management restructure. An amount of £30,000 was paid in compensation for the loss of office.

The current Principal and Chief Executive took up post on 22 June 2015 following the retirement of the previous postholder on 21 June 2015. The retiring postholder received a payment of £30,000 in lieu of notice

The pension contributions in respect of the Chief Executive and senior post holders are in respect of employer's contributions to the Teachers' Pension Scheme and/or the South Yorkshire Pension Fund, and are paid at the same rate as for other employees.

The figures reported below, and included in the emoluments reported above, represent payments made to the two Chief Executives. The position of Chief Executive is the highest paid senior post holder role within the College.

	Group 31 July 2015 £'000	College 31 July 2015 £'000	Group 31 July 2014 £'000	College 31 July 2014 £'000
Salaries:				
- current postholder	15	15	-	-
- previous postholder	132	132	147	147
Benefits in kind:				
- current postholder	2	2	-	-
- previous postholder	19	19	21	21
Total emoluments	**168**	**168**	**168**	**168**

Other than the Chief Executive, the staff governors and the student union governor no member of the Corporation received payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

The number of senior post holders who received emoluments including pension contributions and benefits in kind, in the following ranges was:

	Group 31 July 2015 Number of senior post holders	College 31 July 2015 Number of senior post holders	Group 31 July 2014 Number of senior post holders	College 31 July 2014 Number of senior post holders
£10,001 to £20,000	1	1		
£20,001 to £30,000	-	-		
£30,001 to £40,000	-	-		
£40,001 to £50,000	-	-		
£50,001 to £60,000	1	1	1	1
£60,001 to £70,000	2	2	1	1
£70,001 to £80,000	-	-	-	-
£80,001 to £90,000	1	1	4	4
£90,001 to £100,000	1	1	1	1
£100,001 to £110,000	2	2	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	-	-	-	-
£130,001 to £140,000	-	-	-	-
£140,001 to £150,000	1	1	1	1
	9	**9**	**8**	**8**

The Governing Body approved pay awards of between 0 and 1% for senior postholders from 1 February 2015. In the previous period the Governing Body approved pay awards of between 0% and 3.19% for senior post holders from 1 February 2014.

9 Other operating expenses

	Group 31 July 2015 £'000	College 31 July 2015 £'000	Group 31 July 2014 £'000	College 31 July 2014 £'000
Teaching costs	4,860	4,860	4,072	4,072
Non teaching overheads	5,013	5,248	5,327	5,317
Premises expenditure	2,970	3,604	2,849	3,428
Total	12,843	13,712	12,248	12,817

Other operating expenses include:

	Group 31 July 2015 £'000	College 31 July 2015 £'000	Group 31 July 2014 £'000	College 31 July 2014 £'000
Auditor's remuneration:				
- Financial statements audit	44	31	46	35
- Internal audit	37	37	42	42
- Other services from external auditors	-	-	-	-
- Other services from internal auditors	-	-	-	-
Hire of plant and machinery – operating leases	-	-	-	-
Hire of other assets – operating leases	-	-	-	-

10 Interest payable

	Notes	Group 31 July 2015 £'000	College 31 July 2015 £'000	Group 31 July 2014 £'000	College 31 July 2014 £'000
On bank loans and overdrafts:					
- Repayable within five years, by instalments		21	21	-	-
- Repayable wholly or partly in more than 5 years		889	889	1,075	1,075
		910	**910**	**1,075**	**1,075**
On finance leases		84	84	94	94
Interest on enhanced pensions provision	*19*	142	142	151	151
Pension finance costs	*23*	-	-	(84)	(84)
Total		**1,136**	**1,136**	**1,236**	**1,236**

11 Taxation

The members do not believe the College is liable for any corporation tax arising out of its activities during either period.

12 Surplus/(deficit) on continuing operations for the period

The surplus/(deficit) on continuing operations for the year is made up as follows:

	Group 31 July 2015 £'000	College 31 July 2015 £'000	Group 31 July 2014 £'000	College 31 July 2014 £'000
College's surplus/(deficit) for the year	232	232	74	74
Retained by subsidiary undertakings	77	0	(49)	0
	309	**232**	**25**	**74**

13 Tangible fixed assets

13.1 Group

	Freehold Land and Buildings £'000	Leasehold Land and Buildings £'000	Assets under Construction £'000	Equipment £'000	Total £'000
Cost or valuation					
At 1 August 2014	108,862	0	1,823	8,430	119,115
Additions	0	0	11,403	337	11,740
Disposals	0	0	0	(6)	(6)
At 31 July 2015	**108,862**	**0**	**13,226**	**8,761**	**130,849**
Accumulated Depreciation					
At 1 August 2014	16,523	0	0	6,113	22,636
Charge for period	2,120	0	0	640	2,760
Eliminated in respect of disposals	0	0	0	(5)	(5)
At 31 July 2015	**18,643**	**0**	**0**	**6,748**	**25,391**
Net book value at 31 July 2015	**90,219**	**0**	**13,226**	**2,013**	**105,458**
Net book value at 1 August 2014	**92,339**	**0**	**1,823**	**2,317**	**96,479**

13.2 College only

	Freehold Land and Buildings £'000	Leasehold Land and Buildings £'000	Assets under Construction £'000	Equipment £'000	Total £'000
Cost or valuation					
At 1 August 2014	108,862	0	1,823	8,390	119,075
Additions	0	0	11,403	337	11,740
Disposals	0	0	0	(6)	(6)
At 31 July 2015	**108,862**	**0**	**13,226**	**8,721**	**130,809**
Accumulated Depreciation					
At 1 August 2014	16,523	0	0	6,105	22,628
Charge for period	2,120	0	0	632	2,752
Eliminated in respect of disposals	0	0	0	(5)	(5)
At 31 July 2015	**18,643**	**0**	**0**	**6,732**	**25,375**
Net book value at 31 July 2015	**90,219**	**0**	**13,226**	**1,989**	**105,434**
Net book value at 1 August 2014	**92,339**	**0**	**1,823**	**2,285**	**96,447**

The transitional rules set out in FRS 15 Tangible Fixed Assets have been applied on implementing FRS 15. Accordingly, the book values at implementation have been retained.

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 depreciated replacement cost basis with the assistance of independent professional advice.

The net book value of inherited assets carried by the College is £3,266,000 (2013/14 £3,374,000). The value at a historic cost of the inherited assets is nil.

Land and buildings with a net book value of £54,077,000 (2013/14: £47,621,000) have been financed from exchequer funds, through for example the receipt of capital grants. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the Skills Funding Agency, to surrender the proceeds.

Land and buildings include properties with a net book value of £103,445,000 (2013/14: £94,162,000) for which title deeds and leasehold agreements have been transferred to the College.

In 2012/13 the College commissioned plans to close its Norton Campus in July 2015 and move its provision of education and training to other College sites which, in turn, would be extended to receive the transferred provision. As a result, it was determined that the Norton site would have a shortened useful economic life. Accelerated depreciation charges of £1,176,000 were made in each of the 2012/13 and 2013/14 accounting periods. Release of deferred capital grants relating to the Norton Campus were also accelerated. Releases of revaluation reserves related to the accelerated depreciation of the Norton Campus inherited assets were made to the Income and Expenditure Statement and Balance Sheet Reserves. No similar transactions are recorded in the current accounting period as the written down book value of the Norton site represents its current expected realisable value.

The net book value of tangible fixed assets includes an amount of £557,000 (2013/14: £669,000) in respect of other assets held under finance leases. The depreciation charge on these assets for the year was £356,000 (2013/14: £340,000).

	Group 31 July 2015 £'000	**College 31 July 2015 £'000**	**Group 31 July 2014 £'000**	**College 31 July 2014 £'000**
The depreciation charge for the period is analysed as follows:				
Owned assets	2,404	2,396	3,625	3,617
Assets held under finance lease and hire purchase arrangements	356	356	340	340
Buildings leasehold charge	0	0	0	0
	2,760	2,752	3,965	3,957

If inherited land and buildings had not been revalued they would have been included at the following amounts:

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

14 Investments

	Group 31 July 2015 £'000	**College 31 July 2015 £'000**	**Group 31 July 2014 £'000**	**College 31 July 2014 £'000**
Investment in subsidiary company at cost	0	0	0	0

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 owns 100% of the issued ordinary £1 shares of Sparks Managed Services Limited, 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% 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 teaching and 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 has members in place of shareholders. The company ceased training in 2013/4 and was closed in 2014/5.

The College holds a 100% membership in The Sheffield College Students Trust, 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 intends to incorporate a multi-academy trust in 2015/16 which will be used to bring UTC Sheffield and UTC Olympic Legacy Park into The Sheffield College Group. It is anticipated that the financial statements of both UTCs will be consolidated into The Sheffield College Group financial statements from the year ending 31 July 2016.

15 Debtors

	Group 31 July 2015 £'000	College 31 July 2015 £'000	Group 31 July 2014 £'000	College 31 July 2014 £'000
Amounts falling due within one year:				
Trade debtors	628	605	658	652
Amounts owed by subsidiary undertakings	0	292	0	182
Accrued grant income	475	475	343	343
Amounts owed by the Skills Funding Agency	366	366	126	126
Prepayments and other income accrued	154	154	207	204
Total	**1,623**	**1,892**	**1,334**	**1,507**

Notes *(continued)*

16 Creditors: Amounts falling due within one year

	Notes	Group 31 July 2015 £'000	College 31 July 2015 £'000	Group 31 July 2014 £'000	College 31 July 2014 £'000
Bank loans and overdrafts	18	1,161	1,161	797	797
Obligations under finance leases and hire purchase agreements	18	269	269	245	245
VAT Deferment Schemes	18	1666	1666	1148	1148
Payments received on account		1,297	1,297	2,581	2,581
Trade creditors		4,650	4,649	2,434	2,375
Amounts owed to subsidiary undertakings		0	164	0	42
Amounts owed to Funding Bodies		238	238	889	889
Corporation tax		0	0	0	0
Other taxation and social security		635	632	572	560
Other employment related creditors		489	489	506	506
Provision for clawback of recurrent funding		0	0	0	0
Accruals and other creditors		430	430	388	388
Total		**10,835**	**10,995**	**9,560**	**9,531**

17 Creditors: Amounts falling due after more than one year

	Notes	Group 31 July 2015 £'000	College 31 July 2015 £'000	Group 31 July 2014 £'000	College 31 July 2014 £'000
Bank and other loans	18	15,559	15,559	14,661	14,661
Obligations under finance leases and hire	18	626	626	674	674
VAT Deferment Schemes	18	1,485	1,485	2,525	2,525
Total		**17,670**	**17,670**	**17,860**	**17,860**

18 Analysis of borrowings and deferred VAT

Bank loans, overdrafts and other loans	Group 31 July 2015 £'000	College 31 July 2015 £'000	Group 31 July 2014 £'000	College 31 July 2014 £'000
Bank loans, overdrafts and other loans are repayable as follows:				
In one year or less	1,161	1,161	797	797
Between one and two years	1,213	1,213	839	839
Between two and five years	3,384	3,384	2,567	2,567
In five years or more	10,962	10,962	11,255	11,255
Total	**16,720**	**16,720**	**15,458**	**15,458**

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.

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 2015 and 4 December 2021 totalling £2,675,000. This loan is secured on the freehold properties on the Hillsborough site.

A variable rate loan 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. The loan is secured on the freehold properties on the Hillsborough site.

A fixed term loan at a fixed rate of 6.5% repayable by monthly instalments falling due between 1 August 2015 and 24 August 2035 totalling £4,483,000. The loan is secured on the freehold properties on City Site.

A fixed term loan at a fixed rate of 6.64% until 24 August 2020 and thereafter at the variable rate calculated at the 3 month Libor rate plus 1.36% 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.

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.

Notes continued

Finance leases and hire purchase agreements

	Group 31 July 2015 £'000	College 31 July 2015 £'000	Group 31 July 2014 £'000	College 31 July 2014 £'000
The net finance lease obligations to which the College is committed are:				
In the next year	269	269	245	245
In the second to fifth years inclusive	626	626	674	674
After five years	0	0	0	0
Total	**895**	**895**	**919**	**919**

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

Deferred Taxes

	Group 31 July 2015 £'000	College 31 July 2015 £'000	Group 31 July 2014 £'000	College 31 July 2014 £'000
At 1 August 2014	3,673	3,673	4,809	4,809
Repayments of VAT to HMRC as Output Tax	(522)	(522)	(1,136)	(1,136)
At 31 July 2015	**3,151**	**3,151**	**3,673**	**3,673**

The deferment of VAT is repayable as follows:

In the next year	1,666	1,666	1,148	1,148
In the second to fifth years inclusive	1,485	1,485	2,525	2,525
After five years	0	0	0	0
Total	**3,151**	**3,151**	**3,673**	**3,673**

In 2007 HM Revenue & Customs (HMRC) agreed to apply the rules of the Lennartz methodology to the VAT Input Tax incurred on the construction costs of the Hillsborough site. This allowed the College to reclaim a proportion of the Input Tax paid in the construction of the building. The reclaimed amount is then repayable to HMRC over a period of ten years ending in 2016. The balance repayable at the end of the period is £353,000 (2013/14 £888,000).

In 2008 HM Revenue & Customs (HMRC) agreed to apply the rules of the of the Lennartz methodology to the construction costs of the City Centre Rebuild Project. This allowed the College to reclaim a portion of the Input Tax paid in the construction of the building. The reclaimed amount is then repayable to HMRC over a period of ten years ending in 2020. The balance repayable at the end of the period is £2,798,000 (2013/14 £3,141,000).

Notes *(continued)*

19 Provisions for liabilities and charges (Group and College)

	Notes	Enhanced Pension Provisions £'000	Restructure and Rationalisation £000	Other Provisions £'000	Total £'000
At 1 August 2014		3,493	0	1,052	4,545
Transferred from income and expenditure account:					
- Staff costs		0		(303)	(303)
- Restructure and rationalisation provision	7	0	2,132	0	2,132
- Holiday pay provision	7	0	0	341	341
- Interest payable on enhanced pension provision	10	142	0	0	142
- Actuarial (gain)/loss		77	0	0	77
Expenditure in the period		(200)	(935)	0	(1,135)
At 31 July 2015		**3,512**	**1,197**	**1,090**	**5,799**

Enhanced Pensions Provision

The balance of the Pensions Restructuring Provision relates to the College liability to the Teachers' Pension 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 £142,000 (2013/14 £151,000). The actuarial gain or loss is recognised in the statement of total recognised gains and losses, during the current period a loss of £77,000 is recognised (2013/14 £34,000 loss). Payments of £202,000 (2013/14 £231,000) have been made against the provision and paid into the scheme during the period.

The principal assumptions for the calculation of liabilities are:

	2015	2014
Price inflation	3.46%	4.06%
Discount rate	1.75%	2.25%

Restructuring Provision

The College throughout 2014/15 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 has been charged to expenditure in the year. Costs of £935,000 have been expensed against this amount in the year to July 2015 and the balance of £1,197,000 is to be expended in the future period ending July 2016.

Other Provisions

Other Provisions include provision of £749,000 (2013/14 £749,000) for the cost of demolition and/or remedial building works for College owed properties and a provision of £341,000 (nil in 2013/14) for staff holiday pay entitlement in respect of holiday days carried forward at the end of the period to 31 July 2015. A provision of £303,000 for potential legal costs held at the end of the previous period has been released during the year.

Notes *(continued)*

20 Deferred capital grants (Group and College)

	FE Funding Bodies £'000	Other Grants £'000	Total £'000
Balance at 1 August 2014			
Land and buildings	45,012	140	45,152
Assets under construction	1,580	0	1,580
Equipment	719	201	920
	47,311	**341**	**47,652**
Grants received and receivable			
Land and buildings	0	0	0
Assets under construction	8,391	0	8,391
Equipment	0	35	35
	8,391	**35**	**8,426**
Release to income and expenditure account			
Land and buildings	1,042	4	1,046
Accelerated release of capital grants relating to the property strategy	0	0	0
Assets under construction	194	0	194
Equipment	263	53	316
	1,499	**57**	**1,556**
Balance at 31 July 2015			
Land and buildings	43,970	136	44,106
Assets under construction	9,777	0	9,777
Equipment	456	183	639
Total	**54,203**	**319**	**54,522**

21 Reserves

Revaluation reserve

	Group 31 July 2015 £'000	College 31 July 2015 £'000	Group 31 July 2014 £'000	College 31 July 2014 £'000
At 1 August 2014	3,374	3,374	4,173	4,173
	3,374	3,374	4,173	4,173
Transfer from revaluation reserve to general reserve in respect of:				
Accelerated depreciation on revalued assets	0	0	(690)	(690)
Depreciation on revalued assets	(108)	(108)	(109)	(109)
Total transfer to general reserves	(108)	(108)	(799)	(799)
At 31 July 2015	3,266	3,266	3,374	3,374

Notes *(continued)*

22 Movement on general reserves

Income and expenditure account	**Group 31 July 2015 £'000**	**College 31 July 2015 £'000**	**Group 31 July 2014 £'000**	**College 31 July 2014 £'000**
At 1 August 2014	**4,463**	**4,633**	**2,885**	**3,006**
Deficit inherited from Local Education Authority	0	0	0	0
Surplus/(deficit) on continuing operations after depreciation of assets at valuation and tax	309	232	25	74
Transfer from revaluation reserve	108	108	799	799
Actuarial gain/(loss) in respect of enhanced pensions	(77)	(77)	(34)	(34)
Actuarial gain/(loss) in respect of pension scheme	(4,357)	(4,357)	788	788
At 31 July 2015	**454**	**539**	**4,463**	**4,633**
Income and expenditure account balance represented by:				
Pension reserve at July 2014	(15,865)	(15,865)	(16,258)	(16,258)
Charged to Surplus/(Deficit) on continuing operations	204	204	(395)	(395)
Actuarial gain/(loss) in respect of pension scheme	(4,357)	(4,357)	788	788
Pension Reserve at 31 July 2015	**(20,018)**	**(20,018)**	**(15,865)**	**(15,865)**
Income and expenditure account reserve excluding pension reserve	20,472	20,557	20,328	20,498
Income and expenditure account at 31 July	**454**	**539**	**4,463**	**4,633**

23 Pensions and similar obligations

The two principal pension schemes for the College's staff are the Teachers' Pension Scheme (TPS) and the South Yorkshire Pensions Authority Scheme (SYPA). TPS provides benefits based on final pensionable salary principally for academic staff of UK academic institutions and other related employers. SYPA provides similar benefits for other employees of the College.

Total pension costs for the period was £4,210,000 (2013/14 £4,118,000).

	Group 31 July 2015 £'000	**College 31 July 2015 £'000**	**Group 31 July 2014 £'000**	**College 31 July 2014 £'000**
Teachers Pension Scheme: contributions paid	1,990	1,990	1,947	1,947
South Yorkshire Pension Authority Scheme:				
- Contributions paid	2,001	2,001	1,692	1,692
- FRS 17 charge	219	219	479	479
	4,210	**4,210**	**4,118**	**4,118**

Notes *(continued)*

23 Pensions and similar obligations *(continued)*

Teachers' Pension Scheme

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

The Teachers' Pension Budgeting and Valuation Account

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits are set out in the 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. The 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 pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates were set at 16.4% of pensionable pay;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuation.

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

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location: https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx

Scheme Changes

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

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

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

Notes *(continued)*

23 Pensions and similar obligations *(continued)*

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

The pension costs paid to TPS in the year amounted to £1,990,000 (2012/13: £1,947,000).

FRS 17

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the College has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contribution rates.

South Yorkshire Pensions Authority Scheme (SYPA)

The College participates in the SYPA, which is a funded defined benefit pension scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2015 was £2,629,000 of which employers' contributions totalled £2,001,000 and employee contributions totalled £628,000. From 1 April 2011 until 31 March 2014 the employer contribution rate was 13.4% plus a lump sum annual payment. From 1 April 2014 to 31 July 2015 the employer contribution rate was increased to 14.4% plus a lump sum annual payment. The lump sum payment from 1 August 2014 until 31 July 2015 was £416,000 (2013/14 £255,000). Future payments will be at the contribution rate of 14.4% plus an annual lump sum payment. The current employee contribution rates vary according to employee pensionable pay and range from 5.5% up to 7.5%.

FRS 17 Principal Actuarial Assumptions

The following information is based on a full actuarial valuation of the fund as at 31st March 2013 updated to 31st July 2015 by a qualified independent actuary. The principal actuarial assumptions made in the calculations of scheme liabilities are as follows:

	At 31 July 2015	At 31 July 2014
Inflation assumption (CPI)	2.20%	2.30%
Rate of increase in salaries	3.95%	4.05%
Rate of increase in pensions	2.20%	2.30%
Discount rate for liabilities	3.80%	4.30%

Commutation of pensions to lump sums

On advice from the actuaries it is assumed that 50% of employees retiring after April 2012 will take advantage of the option to commute part of their future annual pension to a lump sum payment on retirement.

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

	As at 31 July 2015	As at 31 July 2014
Retiring today		
Males	23.0 years	22.9 years
Females	25.6 years	25.5 years
Retiring in 20 years		
Males	25.3 years	25.2 years
Females	28.4 years	28.3 years

The College's share of the assets and liabilities in the scheme (the College's share of the SYPF scheme is estimated to be 1.17%) and the expected rates of return were:

Notes *(continued)*

23 Pensions and similar obligations *(continued)*

	Long term rate of return expected at 31 July 2015	Value at 31 July 2014 £000s	Long term rate of return expected at 31 July 2013	Value at 31 July 2013 £000s
Equities	6.5%	42,347	7.0%	39,748
Government Bonds	2.5%	10,195	3.2%	8,508
Other Bonds	3.6%	4,206	4.1%	4,286
Property	6.1%	8,198	6.2%	7,014
Cash	0.5%	1,283	0.5%	1,169
Other	6.5%	5,062	7.0%	4,221
Total market value of assets		**71,291**		**64,946**

	Year ended 31 July 2015 £'000	Year ended 31 July 2014 £'000
College's estimated asset share	71,291	64,946
Present value of Funded Benefit Obligations	(90,824)	(80,333)
Present value of Unfunded Benefit Obligations	(485)	(478)
Present value of scheme liabilities	(91,309)	(80,811)
Surplus/(deficit) in the scheme	**(20,018)**	**(15,865)**

Analysis of the amount charged to income and expenditure account	Year Ended 31 July 2015 £'000	Year Ended 31 July 2014 £'000
Employer Service cost (net of employee contributions)	2,038	2,145
Curtailments	182	26
Past service cost/(gain)	-	-
Pension finance income/(costs)	-	-
Total operating charge	**2,220**	**2,171**

Analysis of net return on pension scheme

Expected return on pension scheme assets	3,903	3,608
Interest on pension liabilities	(3,480)	(3,524)
Pension finance income/(costs)	**423**	**84**

Amount recognised in the statement of total recognised gains and losses (STRGL)

Actual return less expected return on pension scheme assets	2,256	(689)
Experience gains and losses arising on the scheme liabilities	-	-
Actuarial (gain) arising on changes in the inflation rate index	-	-
Change in financial demographic assumptions underlying the scheme liabilities	(6,613)	1,477
Actuarial gain/(loss) recognised in STRGL	**(4,357)**	**788**

Movement in surplus (deficit) during year	**Year Ended 31 July 2015 £'000**	**Year Ended 31 July 2014 £'000**
Surplus/(deficit) in scheme at 1 August		
Movement in year:	(15,865)	(16,258)
Current service charge	(2,038)	(2,145)
Contributions	2,001	1,692
Past service costs	-	-
Curtailments	(182)	(26)
Net interest/return on assets	423	84
Actuarial gain or loss	(4,357)	788
Surplus/(deficit) in scheme at 31 July	**(20,018)**	**(15,865)**

Asset and Liability Reconciliation	**Year Ended 31 July 2015 £'000 Unfunded Benefits**	**Year Ended 31 July 2015 £'000 All Benefits**	**Year Ended 31 July 2014 £'000 All Benefits**
Reconciliation of Liabilities			
Liabilities at start of period	478	80,811	77,877
Service cost	-	2,038	2,145
Interest cost	21	3,480	3,524
Employee contributions	-	628	654
Experience gains and losses on scheme liabilities	-	-	-
Actuarial (gain)/loss	21	6,613	(1,477)
Benefits paid	(35)	(2,443)	(1,938)
Past Service cost	-	-	-
Curtailments and settlements	-	182	26
Liabilities at end of period*	**485**	**91,309**	**80,811**
Reconciliation of Assets			
Assets at start of period	-	64,946	61,619
Expected return on assets	-	3,903	3,608
Actuarial gain/(loss)	-	2,256	(689)
Employer contributions	35	2,001	1,692
Employee contributions	-	628	654
Benefits paid	(35)	(2,443)	(1,938)
Assets at end of period	**-**	**71,291**	**64,946**

The estimated value of employer contributions for the year ended 31st July 2016 is £2,003,000.

History of experience gains or losses

	Year Ended 31 July 2015 £'000	Year Ended 31 July 2014 £'000	Year Ended 31 July 2013 £'000	Year Ended 31 July 2012 £'000	Year Ended 31 July 2011 £'000
Difference between the expected and the actual return on assets	2,256	(71)	5,642	(1,206)	1,834
Experience gains and losses on scheme liabilities	(6,613)	1,477	(1,358)	(3,288)	(638)
Total amount recognised in STRGL	(4,357)	788	4,284	(4,494)	1,196

24 Reconciliation of consolidated operating surplus/(deficit) to net cash inflow/(outflow) from operating activities

	Group 31 July 2015 £'000	College 31 July 2015 £'000	Group 31 July 2014 £'000	College 31 July 2014 £'000
Surplus/(deficit) on continuing operations after depreciation of assets at valuation and tax	309	232	25	74
Depreciation (note 13)	2,760	2,752	3,965	3,957
Deferred capital grants released to income (notes 2 and 4)	(1,556)	(1,556)	(1,818)	(1,818)
Loss on disposal of tangible fixed assets	1	1	0	0
(Increase)/decrease in stocks	7	7	0	0
Interest payable (note 10)	994	994	1,169	1,169
Pension cost less contributions payable (note 23)	(281)	(281)	361	361
Decrease/(increase) in debtors	(289)	(385)	(464)	(460)
Increase/(decrease) in creditors	(1,811)	(1,630)	276	213
Increase/(decrease) in deferred VAT creditor	(522)	(522)	(1,136)	(1,136)
Increase/(decrease) in provisions	1,254	1,254	(46)	(46)
Interest receivable (note 6)	(32)	(32)	(29)	(29)
Net cash inflow/(outflow) from operating activities	**834**	**834**	**2,303**	**2,285**

25 Analysis of consolidated changes in net funds

	Notes	At1 August 2014 £'000	Cash flows £'000	Other Changes £'000	At 31 July 2015 £'000
Cash at bank and in hand		5,480	(16)	-	5,464
Overdrafts		-			-
Debts due within 1 year	18	(797)	(364)	-	(1,161)
Debts due after 1 year	18	(14,661)	(898)	-	(15,559)
Finance leases	18	(919)	24	-	(895)
Current asset investments		-	-	-	-
Total		**(10,897)**	**(1,254)**	**-**	**(12,151)**

26 Analysis of cash flows for headings netted in the cash flow statement

	Group 31 July 2015 £'000	College 31 July 2015 £'000	Group 31 July 2014 £'000	`College 31 July 2014 £'000
Returns on investments and servicing of finance				
Interest received	32	32	31	31
Interest paid	(958)	(958)	(1,053)	(1,053)
Interest paid on finance leases	(84)	(84)	(94)	(94)
Net cash inflow/(outflow) from returns on investments	(1,010)	(1,010)	(1,116)	(1,116)
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets	(9,504)	(9,504)	(2,656)	(2,616)
Proceeds of sale of tangible fixed assets	0	0	0	0
Endowments received	0	0	0	0
Capital grants received	8,426	8,426	1,602	1,602
Net cash inflow/(outflow) for capital expenditure and financial investment	(1,078)	(1,078)	(1,054)	(1,014)
Financing and reserves				
Finance leases entered into in the year	244	244	215	215
New secured loan	2,000	2,000	0	0
Repayment of loans	(738)	(738)	(757)	(757)
Capital element of finance lease and hire purchase agreement repayments	(268)	(268)	(175)	(175)
Net cash inflow/(outflow) from financing	**1,238**	**1,238**	**(717)**	**(717)**

27 Capital commitments

	Group 31 July 2015 £'000	College 31 July 2015 £'000	Group 31 July 2014 £'000	College 31 July 2014 £'000
Commitments contracted for at 31 July	2,618	2,618	369	369

28 Financial commitments

At 31 July 2015, the College had no annual commitments under non-cancellable operating leases.

29 Related Party Transactions

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

No transactions were identified which should be disclosed under Financial Reporting Standard 8 'Related Party Disclosures'.

Transactions with the SFA, EFA and HEFCE are detailed in notes 2, 14, 15 and 16.

30 Major cash transactions

	Group 31 July 2015 £'000	College 31 July 2015 £'000	Group 31 July 2014 £'000	College 31 July 2014 £'000
During the previous year the College sold land which had previously been the site of a College Campus. The proceeds on the sale of the property had been identified in 2003 as contributing towards the financing of a new building which was completed in 2006.	2,000	2,000	-	-

31 Major non-cash transactions

There are no major non-cash transactions to report for the period.

Notes *(continued)*

32 Amounts Disbursed as Agent

Learner Support Funding and 16 to 19 Bursary Funding	**Group 31 July 2015 £'000**	**College 31 July 2015 £'000**	**Group 31 July 2014 £'000**	**College 31 July 2014 £'000**
Funding body grants – hardship support	551	551	629	629
Funding body grants – childcare	438	438	494	494
Funding body grants – 24+ Advanced Learner Loan Bursaries	280	280	140	140
Funding body grants – residential bursaries	-	-	-	-
Funding body grants – 16 to 19 Bursary Funding	1,023	1,023	879	879
Other funding bodies grants	-	-	-	-
Interest earned	-	-	-	-
	2,292	**2,292**	**2,142**	**2,142**
Disbursed to students	(1,920)	(1,920)	(2,026)	(2,026)
Staffing	-	-	-	-
Administration costs	(115)	(115)	(107)	(107)
Audit fees	-	-	-	-
Amount consolidated in financial statements	-	-	-	-
Balance unspent at 31 July, included in creditors	**257**	**257**	**9**	**9**

Other Learner Support Funds

Learning & Skills Council Grants:				
Childcare	-	-	-	-
Residential bursaries	-	-	-	-
HE Grants	-	-	14	14
Interest earned	-	-	-	-
	-	-	14	14
Disbursed to students	-	-	(5)	(5)
Administration costs	-	-	-	-
Amount consolidated in financial statements	-	-	-	-
Balance unspent at 31 July	**-**	**-**	**9**	**9**

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 income and expenditure account, other than when the College has directly incurred expenditure.

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 of accommodation are made by the College on the student's behalf.