The Sheffield College

Report of the members of the Corporation and Financial Statements

For the 12 month period from

1 August 2016 to 31 July 2017

Key Management Personnel,

Board of Governors and Professional advisers

Key management personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2016/17:

Paul Corcoran: Chief Executive; Accounting Officer (to 14 November 2017)
Jason Pepper: Executive Director of Finance & Resources (to 09 June 2017)
Kate Platts: Executive Director of Finance & Resources (from 29 August 2017)
Heather Smith: Principal (to 08 August 2017)
Angela Foulkes: Principal (from 04 September 2017), also Acting Chief Executive & Acting Accounting Officer (from 14 November 2017)
Darren Tidmarsh: Executive Director of Human Resources & Management Information Systems (throughout the period)
Val Struggles: Clerk to Governors (to 31 October 2016)
Alison Shillito: Clerk to Governors (from 01 November 2016)
John Gray: Marketing Director (throughout the period)
Andrew Hartley: Commercial Director (throughout the period)
Bella Abrams: Chief Information Officer (from 10 April 2017)

Board of Governors

A full list of Governors is given on pages 15 & 16 of these financial statements.

Ms V Struggles (to 31 October 2016) & Ms A Shillito (from 01 November 2016) acted as Clerk to the Corporation.

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

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 Group means The Sheffield College, Sparks Managed Services Ltd, Sparks Teaching Services Ltd and Sparks Solutions Ltd.

Members' Report

Operating and Financial Review:

The members present their report and the audited financial statements for the year ended 31 July 2017.

Legal status

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

Mission

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

"Transforming lives through learning"

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

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

The College has previously also operated from the Norton Campus at Dyche Lane, Sheffield S8 8BR. This was closed in June 2015, and the sale was completed in March 2017.

The Sheffield College Group

The Sheffield College has three wholly owned subsidiary companies:

- Sparks Managed Services Ltd. incorporated in 2011, this company provides cleaning, caretaking and administration services to the College and The Sheffield UTC Academy Trust. In the financial year ending 31 July 2017, this company broke even.
- Sparks Teaching Services Ltd. incorporated in 2012, this company provides temporary teaching and other staff to the College and The Sheffield UTC Academy Trust. In the financial year ending 31 July 2017, this company broke even.
- Sparks Solutions Ltd. incorporated in 2014, this company provides marketing, learner recruitment and business development services to the College. In the financial year ending 31 July 2017, this company broke even.

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

Public Benefit

The Sheffield College is an exempt charity under Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 14 & 15.

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

Public Benefit Statement

In delivering its vision, The Sheffield College provides the following identifiable public benefits through the advancement of education.

- Providing further and higher education, vocational training and life-long learning
- Widening participation and tackling social exclusion.
- Preparing students for progression into employment and career opportunities .
- Providing effective student support systems to engage and retain students, particularly those who might otherwise not continue with education and training to achieve their potential
- Developing and fostering links with Local Enterprise Partners, employers, industry and commerce for the benefit of learners and to contribute to the regeneration of the Sheffield city region and the communities we serve, many of which suffer from social and economic deprivation.

Implementation of the Strategic plan

In July 2016, Governors endorsed a new Business plan for The Sheffield College to meet its Vision of Transforming Lives Though Learning. This set out the following strategic aims:

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

The Strategic Aims are linked to Strategic Objectives, and relevant Key Performance Indicators. The delivery of the Strategic Objectives is managed and monitored through the Strategic Change Programme Board led by members of the Executive. The majority of the objectives managed by the Board were achieved; where they were partially achieved, the programmes are being further developed in 2017/18.

Performance indicators

A series of key performance indicators were agreed to monitor the successful implementation of the Colleges objectives. These were presented to the Board of Governors at every meeting and monitored using a RAG rating and trend analysis. Monitoring through the KPI process, allowed the College to take action to deal with performance issues as they arose. The majority of non-finance KPIs were met, and the KPIs used to measure delivery of the financial objectives are detailed below.

Financial Objectives

The Colleges key Financial Objectives are

(1) **To generate total income of £48.7m**
The college generated £47.6m income, the shortfall primarily resulting to market competition in the HE sector, and delays to new commercial activity coming on stream

(2) **To generate an operating outturn deficit of £611,000 and operating deficit margin of 1.3%**
The college generated an outturn deficit of £1,112k. Despite the reduction in income the college was able to recover its normal financial operating position by effectively managing pay and non-pay costs, however the one off cost for organisational change undertaken during the year reduced the budgeted outturn. There were additional savings in interest payments due to repayment of the revolving facility in the year (following the sale of the Norton Campus) and depreciation as capital items were purchased later than budgeted.

(3) **To achieve an income diversity (non EFA or SFA funded activity as a percentage of total income) of 23% and achieve growth within the city**
The college did not meet this target, achieving 21% as targets for HE tuition fees and commercial activity income were not met. The college has however secured in excess of 200 additional 16-18 students by successfully agreeing a new contract with Sheffield Wednesday Football Club Community Programme.

(4) **To maintain an appropriate level of liquidity with net cash generated from operating activities of £2.1m**
The College generated £2.54m and the cash balance at the year-end was boosted by the sale of the Norton Campus, resulting in £5.9m in the bank.

(5) **To have an ESFA Financial Health Assessment of SATISFACTORY**
The financial position of the College was SATISFACTORY

(6) **To meet the Barclays Bank and Allied Irish Bank loan covenants**
All bank loan covenants were met

FINANCIAL POSITION

Financial results

The Group generated an operating deficit before the disposal of assets in the year of £447,000 (2015/16 - operating deficit of £594,000).

The Group's unrestricted reserves on 31 July 2017 were a balance of £56,537,000. This is compared to an unrestricted reserve balance of £47,925,000 at 31 July 2016.

Treasury Management

The College had utilised a revolving credit facility provided by Allied Irish Bank during 2015/16. At 31 July 2016 the balance of this was £2,500,000, which was converted into a loan in November 2016. This facility was used to help meet the cost of extending the Hillsborough and Olive Grove campuses, and was repaid once the sale of the Norton campus had been completed in March 2017.

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

Cash Flows

The Group realised a net cash inflow on operating activities of £2,540,000 during 2016/17 (compared to a net cash inflow of £3,062,000 in 2015/16).

The net increase in the College cash position for the year ending 31 July 2017 was £3,202,000 (the College saw a net cash decrease of £2,718,000 for the year ending 31 July 2016). The College saw a net cash inflow during the year of £5,854,000 in respect of fixed asset disposals; primarily this was generated by the sale of the Norton campus.

Although the College is confident that it will remain a going concern, anticipated cuts to Education & Skills Funding Agency (ESFA) revenues over the next few years, combined with capital investment in our accommodation may result in some liquidity challenges in the near future.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Financial Health

In 2016/17 The College achieved a rating of 'Satisfactory' under the ESFA's Financial Health scoring system, as it had done in 2015/16.

Student Numbers

In 2016/17 the College delivered provision that produced £39,271,000 in cumulative recurrent grant funding (2015/16 - £38,080,000) from the Education & Skills Funding Agency and the Higher Education Funding Council for England. The College had 5,011 16-18 year old classroom-based students, 5,638 adult classroom-based students, 2,257 apprentices and 356 HE loan funded students.

Student Achievements

In 2016/17, students at the College had an overall achievement rate for education and training of 76.3%, compared to a rate of 77.4% in 2015/16. In 2016/17, the achievement rate for 16-18 students was 73.6% and for 19+ students was 79.3%. Apprenticeship achievement rates were 76.1% with a timeliness rate of 66.7%.

Curriculum Developments

The College provides classroom based learning to over 13,000 learners each year, on a wide range of courses from Entry Level to Level 6 across 15 technical and professional subject areas.

The Ofsted inspection in January 2016, which judged the College as 'requires improvement' for overall effectiveness, and 'good' for its apprenticeship delivery and provision for high needs learners, resulted in the creation of a Post Inspection Action Plan. Delivery of the plan was led by the Principal and monitored and implemented via the Teaching & Learning Steering Group which reported to the Governors at each meeting of the Corporation.

The College continued to expand the breadth and volume of its apprenticeship provision during 2016/17 from a relatively low starting point, and saw the number of starts increase by 28% on the previous year. This growth has been achieved through developing new partnerships with a number of employers and launching new apprenticeship programmes including new Apprenticeship Standards (which are replacing Frameworks). The Apprenticeship offer has been expanded to cover Engineering, Construction, Business, Leadership, Health & Care professions and other sectors, and now spans Level 1 to Level 5. On 1st May 2017 the new apprenticeship funding system based on the Apprenticeship Levy came into force. The College has been preparing for this during the year.

The College continued its sponsorship of UTC Sheffield City Centre, a University Technical College located in the centre of Sheffield which specialises 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 in Sheffield: UTC Sheffield Olympic Legacy Park, and worked to ensure that this opened successfully in September 2016. Both UTCs are now part of a Multi Academy Trust, with the College having the roles of member and sponsor.

Quality of Provision

The College anticipates an Ofsted Inspection in 2017/18 and has self-assessed 2016/17 as "requires improvement" overall. Within the judgements contained in the Self-Assessment Report, Apprenticeships and Provision for High Needs Students continues to be judged as "good". Progress has been made in developing improved practice within teaching and learning, however there still remains a significant amount of progress needed to ensure a good and consistent student experience across the College.

Visioning

Students - We will become the first choice College in South Yorkshire

- We will be relentless in pursuing outstanding education and training for our students
- We will strive for exceptional opportunities, experiences and support for our students to enable them to develop skills and confidence for employment
- We will achieve growth through an innovative, work-related curriculum which meets the needs of employers and the communities in which we work

People - we will become the employer of choice in the Sheffield City region

- We will focus on retaining, rewarding and recruiting a high quality workforce
- We will invest in targeted, high impact development opportunities for our staff
- We will develop opportunities for dual professionalism for our staff
- We will build highly effective engagement mechanisms leading to greater empowerment for our staff

Community - we will become the preferred education, skills and training partner in SY

- We will work tirelessly with key stakeholders and partners to deliver outstanding training, education and skills opportunities
- We will develop and asset-based approach to B2B that enables out students to progress and develop at work
- We will build key strategic partnerships that enable co-creation, co-branding and co-development of the curriculum thus ensuring dynamic and relevant pathways for our students

Quality

- We will be relentless in our drive for continuous improvement and in developing a culture of excellence
- We will provide outstanding teaching, learning, assessment and support with passion and flexibility to suit the needs of our diverse community
- We will ensure that the students remain at the heart of our decision making

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 2016 to 31 July 2017, the College paid 99.7% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Future Developments

The College has agreed total funding from the ESFA for the 2017/18 financial year of £25,507,000 for 16-19 Year old learners, £7,843,000 for adult education provision, and £2,785,000 for apprenticeship delivery. For the same period the College has been given an Advanced Learning Loans allocation of £1,412,000.

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 Corporation 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.

Long term solvency and liquidity to support the going concern assumption

The 2017/18 budget will breach both the AIB and Barclays operating gearing covenants for that year, but they are expected to be met from 2018/19 onwards. Discussions with the banks are ongoing in respect of this issue, and the college continues to work closely with both banks to provide assurance in respect of the robustness of the financial plans. The banks continue to be supportive of the college on the basis of the college providing this assurance. There is however an acknowledged material uncertainty that may cast significant doubt regarding the College's status as a going concern, which is set out in Note 1 to the Accounts.

The three-year financial plan is based on a growth agenda, with additional 16-18 and HE funding as well as growing apprenticeship income. Current expectations indicate that whilst the growth in the 16-18 market will not be realised at the same rate as planned, the HE and Apprentice growth will crystallise, in the case of the latter it is likely to be at a slower rate than planned due to the slow take up by employers. The cost base will be managed to ensure that the college's budget is met and cash flows are sufficient to fund the college's activity. The introduction of more integrated financial statements and a new model to inform forecasting as well as high levels of accountability and ownership by budget holders to manage costs, will ensure that the college remains a going concern.

Funding Environment

The full impact of the last Comprehensive Spending Review continues to be felt. It is clear that there will be a protracted squeeze on public expenditure that is likely to have a fundamental impact on how the College operates and the generation of alternative revenue sources will remain a priority.

Area Based Review and Devolution

The Area Based Review process has generated some structural change to the further education sector in the Sheffield City Region. Several colleges within the region have undergone merger processes, but The Sheffield College will remain unchanged.

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

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 and national employers;
- Local Authorities;
- Government Offices;
- The local community;
- Other FE institutions;
- Trade unions;
- Professional bodies;
- The University of Sheffield and Sheffield Hallam University;
- Banks

The College recognises the importance of these relationships and engages in regular communication with stakeholders 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, disability, religion or belief, social class and age. We strive vigorously to remove conditions which place people at a disadvantage and we actively combat bigotry. The College has due regard to its public sector equality duties under the Equality Act 2010. The College's 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/about-us/equality-and-diversity). This includes annual publication of equality information about the College's workforce and students as well as information on progress against the College's equality objectives.

The College is a 'Disability Confident Employer' committed to and recognised for going the extra mile to make sure disabled people get a fair chance. The College considers all applications from disabled people, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees.

Disability statement

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

- As part of its accommodation strategy the College updated its access audit. The College campuses and facilities were developed with maximising accessibility as a prime consideration. The College subscribes to DisabledGo to provide up to date online information on access to its campuses for visitors, and to provide advice on any accessibility issues arising from changes.
- 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 Student Charter. Appeals against a decision not to offer a place are dealt with under the Complaints Procedure.
- 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 provide support for learning.
- Specialist programmes for High Needs Learners are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
- Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

Disclosure of information to auditors

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

Approved by order of the members of the Corporation on 18 December 2017 and signed on its behalf by:

Richard Wright

Chair

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2016 to 31st July 2017 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code"); and
iii. having due regard to the UK Corporate Governance Code 2016 insofar as it is applicable to the further education sector.

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

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

The Corporation

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

Name	Date of appointment	Term of office	Date of resignation/ retirement	Status of appointment	Committees served	Attendance at meetings
Gwyn Arnold	01/09/2017	2 years		Current	Governing Body Audit & Risk Assurance Planning & Performance	100%
Kathy Atkin (Staff)	31/3/2010 (Re-elected 31/3/2014 for 2 years until 31/8/2016 and re-elected May 2016 until 31 August 2018)	4 years + 2 years + 2 years		Current	Governing Body Audit & Risk Assurance Search	75% 100% 50%
Jay Bhayani	1 September 2015	2 years		Current	Governing Body Planning & Performance	75% 100%
Ian Brown	15 December 2014	2 years		Current	Governing Body FEGP	100% 75%
Paul Corcoran (Chief Executive)	22 June 2015	Duration of tenure as Chief Executive	Resigned 14/11/2017	Resigned	Governing Body FEGP Planning & Performance, Remuneration Search	100% 100% 100% 100% 100%
Neil Fletcher	1/9/2009	8 years	Retired 31/8/2017	Retired	Governing Body Audit & Risk Assurance (Chair)	100% 100%
Angela Foulkes (acting CEO)	20/11/2017	Duration of tenure as Chief Executive		Current	Governing Body FEGP Planning & Performance, Remuneration Search	100%
Beri Hare	01/09/2017	2 years		Current	Governing Body Planning & Performance	83%
Edward Highfield	1/9/2013	8 years	Resigned 17/2/2017	Resigned	Governing Body Planning & Performance	66% 33%
Chris Husbands	1/7/16	2 years		Current	Governing Body	75%
Jane Jones	01/09/2017	2 years		Current	Governing Body Finance, Employment & General Purposes	100%
Chris Linacre	25/3/2012	8 years		Current	Governing Body Planning & Performance (Chair) Remuneration FEGP	63% 80% 100% 100%
Michael Maloney (student)	1/8/2016	1 year	Resigned 30/11/2016	Resigned	Governing Body Planning & Performance	0% 0%
Sally Neocosmos	1/9/2009	8 years	Retired 31/8/2017	Retired	Governing Body FEGP Remuneration Search	88% 75% 100% 100%
Pete Norton (Staff)	2/3/2015	2 years	Resigned 16/12/2016	Resigned	Governing Body Planning & Performance	100% 100%
Saleem Rashid (Staff)	05/03/2017	Until 31/8/2019		Current	Governing Body Planning & Performance	100%

Name	Date of appointment	Term of office	Date of resignation/ retirement	Status of appointment	Committees served	Attendance at meetings
Seb Schmoller	1/9/2008 (Re-appointed March 2016 until 31/8/18)	Up to 10 years (by exception)		Current Vice Chair of Governing Body	Governing Body Planning & Performance Search ARA	88% 100% 100% 100%
Kim Streets	31/10/2013 (Re-appointed 1 November for 6 years)	8 years		Current	Governing Body Audit & Risk Assurance Committee	38% 100%
John Timms	1/9/2012 (Re-appointed March 2016 until 30/3/2020)	8 years		Current	Governing Body Planning & Performance	50% 100%
Gil Vasey	31/8/2014 (Re-appointed March 2016 until 31/8/22)	8 years		Current	Governing Body FEGP (Chair)	88% 100%
Amy Smith (Student)	1/8/15 (Re-elected for a further year in May 2016 and again in May 2017)	2 years		Current	Governing Body Planning & Performance	38% 100%
Anne Wilson	31/8/2015	2 years		Current Vice Chair of Governing Body from 1/9/2017	Governing Body Planning & Performance	75% 60%
Richard Wright	26/9/2011 (Re-appointed 31 July 2015 for 4 years)	8 years		Current Chair of Governing Body from 1/9/2013	Governing Body FEGP Remuneration Search	100% 100% 100% 100%

The following Members were appointed/resigned during the period 1 August 2016 to 31 July 2017

i. Edward Highfield resigned 17 February 2017
ii. Michael Maloney was elected as a Student Governor for 1 year: 1 August 2016 to 31 July 2017 and resigned on 30 November 2016
iii. Pete Norton resigned 16 December 2016
iv. Amy Smith was re-elected as a Student Governor for a further year: 1 August 2017 to 31 July 2018
v. Neil Fletcher and Sally Neocosmos retired at the end of August 2017 at the end of the normal maximum term of appointment of eight years, in line with the recommendation of the AoC Code of Good Governance for English Colleges

Val Struggles served as Clerk to the Corporation until 31 October 2016

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

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

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

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Finance, Employment and General Purposes, Planning and Performance, Remuneration, Search and Audit & Risk Assurance. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website at **www.sheffcol.ac.uk/about-us/governance**, or 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 Corporation for ensuring compliance with all applicable procedures and regulations. 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 and training for members 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 2016/17 comprised of Kathryn Akin, Sally Neocosmos, Seb Schmoller, Richard Wright and Paul Corcoran (Chief Executive). The Committee is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required. In 2016/17, the Corporation advertised for new governors on its website, in the regional press and via social networks. In line with the College's equality objectives, the recruitment campaign was explicit in seeking applications from people with Black, Asian and Minority Ethnic heritage to strengthen diversity on the governing body. The College received over thirty enquiries and recruited three new governors, all of whom are women.

Members of the Corporation are appointed for an initial term of office between two to four years, with the maximum period of office normally not exceeding eight years. Two governors retired at the end of the 2016/17 financial year, in line with the recommendation within the AoC Code of Good Governance for English Colleges that members should serve no longer than two terms of office (or eight years). The Corporation currently has one governor who has served longer than eight years. This extension was expressly approved to provide continuity and specialist FE expertise during the Area Based Review process. This extended arrangement was exceptional and will conclude in 2018.

Corporation Performance

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

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

A self-assessment by the Governing Body of compliance with the Code of Good Governance for English Colleges and the College's compliance with relevant legislation and regulatory requirements, which is kept under regular review by the Audit and Risk Assurance Committee, indicates that the College's performance against the requirements of the Code is good.

Annual reports of the main standing committees of the Governing Body: principally the Audit and Risk Assurance Committee annual report, and the annual reports of the Finance, Employment and General Purposes Committee and the Planning and Performance Committee.

A programme of internal audit that includes governance matters, that is summarised in an internal audit report received by the Audit and Risk Assurance Committee. The report indicates that the College needs to improve its consistency and timeliness in following up recommendations, and its arrangements for collating and retaining evidence that management actions have been completed.

On the basis of the processes outlined above and the opinions received from internal and external auditors, the Corporation self-assesses that its own effectiveness for the year ended 31 July 2017 is at least adequate.

Remuneration Committee

Throughout the year ending 31 July 2017, membership of the Remuneration Committee comprised Richard Wright, Chris Linacre, Sally Neocosmos and in attendance, Paul Corcoran (Chief Executive). The Committee's responsibilities are to make recommendations to the Corporation on the remuneration and benefits of the Accounting Officer and other designated senior postholders.

Details of remuneration for the year ended 31 July 2017 are set out in note 7 to the financial statements.

Audit & Risk Assurance Committee

The Audit & Risk Assurance Committee comprised four Governors Neil Fletcher, Kathryn Atkin, Seb Schmoller and Kim Streets. The Accounting Officer and Chair are excluded from membership. The Committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's system of internal control and its arrangements for risk management, control and governance processes.

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

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

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

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

Finance Employment & General Purposes Committee

The Finance, Employment & General Purposes Committee comprised six members including Ian Brown, Chris Linacre, Sally Neocosmos, Gil Vasey (Chair), Richard Wright and Paul Corcoran (Chief Executive).

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

Planning & Performance Committee

The Planning & Performance Committee comprised ten members, including Jay Bhayani, Edward Highfield, Chris Linacre (Chair), Pete Norton (until December 2016), Saleem Rashid (from March 2017), Seb Schmoller, John Timms, Anne Wilson, Michael Maloney (Student Governor until November 2016), Amy Smith (Student Governor) and Paul Corcoran (Chief Executive).

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

Search Committee

The Search Committee comprised five members including Kathryn Atkin (Staff Governor), Paul Corcoran (Chief Executive), Sally Neocosmos, Seb Schmoller and Richard Wright. The Committee operates in accordance with terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the search for and appointment of new governors and it keeps under review vacancies, succession planning, the skills mix and diversity of the Corporation. The Committee meets at least once a year to review the membership with additional meetings to shortlist and interview applicants as required. The Committee aims to attract and recruit outstanding individuals who can meet or exceed the person specification for appointment as a governor. The recruitment strategy has been particularly successful in increasing the representation of women on Governing Body to almost 50%, and continuing to increase diversity is an important part of the Search Committee's remit.

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 2017 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

The risk and control framework

The system of internal control is based on a framework of regular management information, 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 ESFA's *Post-16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit & Risk Assurance Committee. As a minimum, annually, the Head of Internal Audit (HIA) provides the Governing Body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

As Accounting Officer, the Chief Executive Officer (CEO) has responsibility for reviewing the effectiveness of the system of internal control. The Accounting Officer's review of the effectiveness of the system of internal control is informed by:

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

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

The Senior Management Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments. The Senior Management Team and Audit & Risk Assurance Committee also receive regular reports from internal audit, and other sources of assurance which include recommendations for improvement. The Audit & Risk Assurance Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Management Team and the Audit & Risk Assurance Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2017 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2017 by considering documentation from the Senior Management Team and internal audit, and taking account of events since 31 July 2017.

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

Going Concern

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. There is however an acknowledged material uncertainty that may cast significant doubt regarding going concern, which is set out in Note 1 to the Accounts.

The college is working closely with Barclays and AIB to ensure that it provides them with assurance in respect of its financial health and its ability to make loan repayments as they fall due. The banks are supportive of the college, but want assurance of the robustness of its financial plans.

The College has prepared a three-year financial plan up to and including the 2019/20 financial year, which was approved by the Governing Body on 17 July 2017. The College planned to increase income by growing the 16-18 Learner Responsive, HE and Apprenticeship curriculum, with resultant marginal increases in surplus and cash balances. The current position is that whilst growth in HE is in line with expectations, Apprenticeship growth is slower than planned and 16-18 income will be below plan in 2018/19. The new Executive will work with budget holders to update the original plan and ensure that income is maximised where possible and costs are effectively managed mitigate any shortfalls in income.

Approved by order of the members of the Corporation on 18 December 2017 and signed on its behalf by:

Richard Wright	**Angela Foulkes**
Chair of the Governing Body	***Acting Accounting Officer***

Statement of Regularity, Propriety and Compliance

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

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

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

Angela Foulkes	Richard Wright
Acting Accounting Officer	**Chair of Governors**
18 December 2017	**18 December 2017**

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the College's Financial Memorandum with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the *2015 Statement of Recommended Practice - Accounting for Further and Higher Education* and with the *College Accounts Direction 2016 to 2017* issued by the ESFA, and which give a true and fair view of the state of affairs of the College and the result for that year.

In preparing the group and parent College 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
- assess the group and parent College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent College or to cease operations, or have no realistic alternative but to do so.

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the ESFA are used only in accordance with the Financial Memorandum with the ESFA and any other conditions that 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 to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the ESFA are not put at risk.

Approved by order of the members of the Corporation on 18 December 2017 and signed on its behalf by:

Richard Wright

Chair

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

Opinion

We have audited the financial statements of The Sheffield College ("the College") for the period ended 31 July 2017 which comprise the Consolidated and College Statement of Comprehensive Income and Expenditure, Consolidated and College Statement of Changes in Reserves, Balance Sheets, Consolidated Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and College's affairs as at 31 July 2017, and of the Group's and College's income and expenditure, gains and losses and changes in reserves, and Group's cash flows, for the period then ended; and

- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland,* and with the 2015 *Statement of Recommended Practice - Accounting for Further and Higher Education.*

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the College in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which indicates that the Group and College have net current liabilities of £15 million as at 31 July 2017 and their ability to continue to meet their liabilities as they fall due is dependent on the continued availability of bank loans that are repayable on demand due to forecast breaches of covenants for 2017/18. These events and conditions, along with the other matters explained in the Note 1, constitute a material uncertainty that may cast significant doubt on the Group's and College's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Corporation is responsible for the other information, which comprises the Members' Report and the Corporation's statement of corporate governance and internal control. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Post-16 Audit Code of Practice 2016 to 2017 (March 2017) issued jointly by the Skills Funding Agency and the Education Funding Agency we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Corporation's responsibilities

As explained more fully in their statement set out on page 23, the Corporation is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the parent College or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Corporation, 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 those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Corporation for our audit work, for this report, or for the opinions we have formed.

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

21 December 2017

Reporting Accountant's Report on Regularity to the Corporation of The Sheffield College and the Secretary of State for Education acting through Education and 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 2016 to 31 July 2017 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice issued jointly by the Skills Funding Agency and the 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 the Education and Skills Funding Agency has other assurance arrangements in place.

This report is made solely to the corporation of The Sheffield College and the Education and 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 Education 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 the Education 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 Post-16 Audit Code of Practice. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 01 August 2016 to 31 July 2017 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 Post-16 Audit Code of Practice issued jointly by the Skills Funding Agency and the Education Funding Agency. We performed a limited assurance engagement as defined in that framework.

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

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

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

The work undertaken to draw our conclusion included:

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

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a limited assurance conclusion on regularity consistent with the requirements of the Post-16 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 01 August 2016 to 31 July 2017 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

21 December 2017

Consolidated and College Statements of Comprehensive Income and Expenditure

	Notes	Year ended 31 July		Restated Year ended 31 July	
		2017	2017	2016	2016
		Group	College	Group	College
		£'000	£'000	£'000	£'000
INCOME					
Funding body grants	2	39,482	39,482	38,372	38,372
Tuition fees and education contracts	3	6,363	6,363	6,266	6,266
Other grants and contracts	4	251	251	533	533
Other income	5	2,255	2,165	2,435	2,371
Endowment and investment income	6	3	3	14	14
Total income		**48,354**	**48,264**	**47,620**	**47,556**
EXPENDITURE					
Staff costs	7	33,047	32,920	31,775	31,175
Other operating expenses	8	11,051	11,099	11,344	11,885
Depreciation	11	2,759	2,751	3,031	3,023
Interest and other finance costs	9	1,974	1,974	2,064	2,064
Total expenditure		**48,831**	**48,744**	**48,214**	**48,147**
(Deficit)/surplus before other gains and losses		**(477)**	**(480)**	**(594)**	**(591)**
Gain/(Loss) on disposal of assets	11	2,748	2,748	(10)	(10)
Surplus/(Deficit) before tax		**2,271**	**2,268**	**(604)**	**(601)**
Taxation	10	-	-	-	-
Surplus/(Deficit) for the year		**2,271**	**2,268**	**(604)**	**(601)**
Unrealised surplus on revaluation of assets		-	-	-	-
Actuarial gain/(loss) in respect of pensions schemes		6,341	6,341	(9,713)	(9,713)
Total Comprehensive Income for the year		**8,612**	**8,609**	**(10,317)**	**(10,314)**

Consolidated and College Statement of Changes in Reserves

	Income and Expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Group			
Balance at 1st August 2015	54,976	3,266	58,242
Surplus/(deficit) from the income and expenditure account	(604)	-	(604)
Other comprehensive income	(9,713)	-	(9,713)
Transfers between revaluation and income and expenditure reserves	-	-	-
	(10,317)	-	(10,317)
Balance at 31st July 2016	44,659	3,266	47,925
Surplus/(deficit) from the income and expenditure account	2,271	-	2,271
Other comprehensive income	6,341	-	6,341
Transfers between revaluation and income and expenditure reserves	2,620	(2,620)	-
Total comprehensive income for the year	11,232	(2,620)	8,612
Balance at 31st July 2017	55,891	646	56,537
College			
Balance at 1st August 2015	55,061	3,266	58,327
Surplus/(deficit) from the income and expenditure account	(601)	-	(601)
Other comprehensive income	(9,713)	-	(9,713)
Transfers between revaluation and income and expenditure reserves	-	-	-
	(10,314)	-	(10,314)
Balance at 31st July 2016	44,747	3,266	48,013
Surplus/(deficit) from the income and expenditure account	2,268	-	2,268
Other comprehensive income	6,341	-	6,341
Transfers between revaluation and income and expenditure reserves	2,620	(2,620)	-
Total comprehensive income for the year	11,229	(2,620)	8,609
Balance at 31st July 2017	**55,976**	**646**	**56,622**

Consolidated and College Balance sheets as at 31 July

	Notes	Group	College	Restated Group	Restated College
		2017	2017	2016	2016
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets	11	102,554	102,546	107,950	107,934
		102,554	**102,546**	**107,950**	**107,934**
Current assets					
Stocks		18	18	21	21
Trade and other receivables	13	1,620	1,713	1,454	1,549
Cash and cash equivalents	18	5,948	5,948	2,746	2,746
		7,586	**7,679**	**4,221**	**4,316**
Less: Creditors – amounts falling due within one year	14	(22,260)	(22,260)	(18,994)	(18,985)
Net current liabilities		**(14,674)**	**(14,581)**	**(14,773)**	**(14,669)**
Total assets less current liabilities		**87,880**	**87,965**	**93,177**	**93,265**
Less: Creditors – amounts falling due after more than one year	15	(1,968)	(1,968)	(11,108)	(11,108)
Provisions					
Defined benefit obligations	17	(25,660)	(25,660)	(30,494)	(30,494)
Other provisions	17	(3,715)	(3,715)	(3,650)	(3,650)
Total net assets		**56,537**	**56,622**	**47,925**	**48,013**
Unrestricted reserves					
Income and expenditure account		55,891	55,976	44,659	44,747
Revaluation reserve		646	646	3,266	3,266
Total unrestricted reserves		**56,537**	**56,622**	**47,925**	**48,013**
Total reserves		**56,537**	**56,622**	**47,925**	**48,013**

The financial statements on pages 28 to 55 were approved and authorised for issue by the Corporation on 18 December 2017 and were signed on its behalf on that date by:

Richard Wright

Chair

Angela Foulkes

Acting Accounting Officer

Consolidated Statement of Cash Flows

	Notes	2017 £'000	Restated 2016 £'000
Cash inflow from operating activities			
Surplus/(deficit) for the year		2,271	(604)
Adjustment for non cash items			
Depreciation		2,759	3,031
(Increase)/decrease in stocks		3	(2)
(Increase)/decrease in debtors		(168)	168
Increase/(decrease) in creditors due within one year		(1,111)	869
Increase/(decrease in creditors due after one year		(1,150)	(533)
Increase/(decrease) in provisions		65	(1,809)
Pensions costs less contributions payable		1,506	764
Taxation		-	-
Adjustment for investing or financing activities			
Investment income		(3)	(14)
Interest payable		1,116	1,182
Taxation paid		-	-
(Gain)/Loss on sale of fixed assets		(2,748)	10
Net cash flow from operating activities		**2,540**	**3,062**
Cash flows from investing activities			
Proceeds from sale of fixed assets		5,854	6
Disposal of non-current asset investments		-	-
Investment income		4	16
Withdrawal of deposits		-	-
New deposits		-	-
Payments made to acquire fixed assets		(659)	(5,900)
		5,199	(5,878)
Cash flows from financing activities			
Interest paid		(1,069)	(1,110)
Interest element of finance lease rental payments		(60)	(67)
New secured loans		-	2,500
Repayments of amounts borrowed		(3,533)	(1,002)
Capital element of finance lease rental payments		(250)	(299)
New finance leases		375	76
		(4,537)	98
Increase / (decrease) in cash and cash equivalents in the year		**3,202**	**(2,718)**
Cash and cash equivalents at beginning of the year	18	2,746	5,464
Cash and cash equivalents at end of the year	18	5,948	2,746

Notes to the Accounts

1. Statement of accounting policies and estimation techniques

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

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2015* (the 2015 FE HE SORP), the *College Accounts Direction for 2016 to 2017* and in accordance with Financial Reporting Standard 102 – *"The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland"* (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiary undertakings, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. The College and the students' union are managed on a unified basis. All financial statements are made up to 31 July 2017. The Sheffield UTC Academy Trust is not consolidated in to the financial statements on the basis that legislation governing the disposal of UTC assets represents a severe long-term restriction on the College's power to control the trust.

Going concern

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

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £15 million which the directors believe to be appropriate for the following reasons.

The College had £14.7m of loans outstanding at 31 July 2017 with bankers on terms renegotiated in 2015. The terms of the existing agreement vary between another 5 and 20 years from that point.

Although the College is confident that it will remain a going concern, anticipated cuts to Education & Skills Funding Agency (ESFA) revenues over the next few years, combined with capital investment in our accommodation may result in some liquidity challenges in the near future. The College's three-year financial plan is based on a growth agenda, with additional 16-18 and HE funding as well as growing apprenticeship income. Current expectations indicate that whilst the growth in the 16-18 market will not be realised at the same rate as planned, the HE and Apprentice growth will crystallise, in the case of the latter it is likely to be at a slower rate than planned due to the slow take up by employers. The cost base will be managed to ensure that the college's budget is met and cash flows are sufficient to fund the college's activity. The introduction of more integrated financial statements and a new model to inform forecasting as well as high levels of accountability and ownership by budget holders to manage costs, will ensure that the college remains a going concern.

The 2017/18 budget will breach both the Allied Irish Bank and Barclays Bank operating gearing covenants for that year, based on the budgeted year end debt value and adjusted operating surplus. Initial discussions with the banks indicate that whilst technically the debts are repayable on demand due to this forecast breach for 2017/18, there is at present no appetite to call in the debt. The college is working closely with the banks to provide assurance that its financial plans are robust. The Executive will update the three-year plan based on current growth expectations, and are committed to ensuring that income is maximised where appropriate and costs are effectively managed to ensure that it is financially viable.

Subject to these loans remaining available in line with the original terms the Corporation's forecasts and financial projections indicate that the Group & College will be able to operate within this existing facility and meet associated covenants from 2018/19 onwards and for the foreseeable future.

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.

However, this material uncertainty may cast significant doubt on the Group's and College's ability to continue as a going concern. The Group and College may, therefore, be unable to continue realising their assets and discharging their liabilities in the normal course of business but the financial statements do not include any adjustments that would result from a withdrawal of support by the bank.

Recognition of income

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

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

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

All capital grants (whether governmental or non-governmental) are recognised in income when the College is entitled to the funds, subject to any performance related conditions being met. This is a change in accounting policy in relation to governmental capital grants, which were accounted for under the accruals model (as permitted by FRS 102) up to and including the July 2016 Financial Statements. Further details of this change, including the reasons for enacting it and the resultant effects on the Financial Statements are provided in Note 24.

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

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

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

Accounting for post-employment benefits

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

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

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

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

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

Short term Employment benefits

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

Enhanced Pensions

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

Non-current Assets - Tangible fixed assets

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

Land and buildings

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

Freehold land is not depreciated.

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

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

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

Assets under construction

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

Subsequent expenditure on existing fixed assets

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

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

Buildings owned by third parties

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

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

Equipment

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

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

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

Borrowing costs

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

Leased assets

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

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

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

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

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

Investments

Investments in subsidiaries

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

Other investments

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

Inventories

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

Cash and cash equivalents

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

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

Financial liabilities and equity

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

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

Foreign currency translation

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

Taxation

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

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

Provisions and contingent liabilities

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

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

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

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

Agency arrangements

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

  The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Funding council grants

	Year ended 31 July		Year ended 31 July	
	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent grants				
Education and Skills Funding Agency - adult	8,386	8,386	7,274	7,274
Education and Skills Funding Agency – 16 -18	26,285	26,285	26,688	26,688
Education and Skills Funding Agency - apprenticeships	3,875	3,875	3,494	3494
Higher Education Funding Council	725	725	624	624
Specific Grants				
Access Funds	83	83	58	58
Education and Skills Funding Agency - Free School Meals	128	128	123	123
Other Funds	-	-	111	111
Total	**39,482**	**39,482**	**38,372**	**38,372**

3 Tuition fees and education contracts

	Year ended 31 July		Year ended 31 July	
	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	1,046	1,046	1,345	1,345
Apprenticeship fees and contracts	77	77	97	97
Fees for FE loan supported courses	1,275	1,275	742	742
Fees for HE loan supported courses	2,415	2,415	2,491	2,491
International students fees	194	194	420	420
Total tuition fees	5,007	5,007	5,095	5,095
Education contracts	1,356	1,356	1,171	1,171
Total	**6,363**	**6,363**	**6,266**	**6,266**

4 Other grants and contracts

	Year ended 31 July		Year ended 31 July	
	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
European Commission	80	80	129	129
Other grants and contracts	171	171	404	404
Total	**251**	**251**	**533**	**533**

5 Other income

	Year ended 31 July 2017 Group £'000	2017 College £'000	Year ended 31 July 2016 Group £'000	2016 College £'000
Catering and residences	778	778	821	821
Other income generating activities	1,477	1,387	1,614	1,550
Total	2,255	2,165	2,435	2,371

6 Investment income

	Year ended 31 July 2017 Group £'000	2017 College £'000	Year ended 31 July 2016 Group £'000	2016 College £'000
Other interest receivable	3	3	14	14
	3	3	14	14
Net return on pension scheme (note 21)	-	-	-	-
	3	3	14	14

7 Staff costs - Group and College

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

	2017 FTE	2016 FTE
Teaching staff	313	316
Non teaching staff	515	525
	828	841

Staff costs for the above persons

		2017 £'000	2016 £'000
Wages and salaries		25,300	25,274
Social security costs		2,086	1,801
Other pension costs		4,376	3,757
Payroll sub total		**31,762**	**30,832**
Contracted out staffing services		704	625
		32,466	**31,457**
Fundamental restructuring costs -	contractual	350	135
	non contractual	231	183
		33,047	**31,775**

Key management personnel

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

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

	2017 No.	2016 No.
The number of key management personnel including the Accounting Officer was:	9	6

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

	Key management		Other staff	
	2017 No.	2016 No.	2017 No.	2016 No.
£10,001 to £20,000	1	-	-	-
£20,001 to £30,000	1	-	-	-
£30,001 to £40,000	1	1	-	-
£40,001 to £50,000	-	-	-	-
£50,001 to £60,000	-	1	-	-
£60,001 to £70,000	1	-	2	1
£70,001 to £80,000	2	1	-	1
£80,001 to £90,000	1	-	-	-
£90,001 to £100,000	1	2	-	-
£100,001 to £110,000	-	-	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	-	-	-	-
£130,001 to £140,000	-	-	-	-
£140,001 to £150,000	1	1	-	-
	9	**6**	**2**	**2**

In the table above the pay ranges below £60,001 relate to staff that were in post for less than 12 months in the respective years. Two new key management posts have been created, and one other post was held by two consecutive postholders, hence the increase in the number of key management personnel reported above.

Key management personnel compensation is made up as follows:

	2017 £'000	2016 £'000
Salaries - gross of salary sacrifice and waived emoluments	622	573
Employers National Insurance	72	66
Benefits in kind	-	-
	694	**639**
Pension contributions	79	73
Total emoluments	**773**	**712**

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

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

	2017 £'000	2016 £'000
Salaries	143	147
Benefits in kind	-	-
	143	147
Pension contributions	21	21

Compensation for loss of office paid to former key management personnel

	2017 £	2016 £
Compensation paid to the former post-holder - contractual	-	3,000
Estimated value of other benefits, including provisions for pension benefits	-	-

The 2016 payment was approved by the College's Chair of Governors on behalf of the Governing Body.

The members of the Corporation other than the Accounting Officer (Chief Executive), the staff governors and the student union governor did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

8 Other operating expenses

	Year ended 31 July		Year ended 31 July	
	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	3,421	3,430	4,193	4,335
Non teaching costs	4,585	4,590	4,568	4,523
Premises costs	3,045	3,079	2,583	3,027
Total	**11,051**	**11,099**	**11,344**	**11,885**

Other operating expenses include:	**2017**	**2016**
	£'000	**£'000**
Auditors' remuneration:		
Financial statements audit*	33	40
Internal audit**	53	54
Other services provided by the financial statements auditors***	10	22
Other services provided by the internal auditors	34	-
Hire of assets under operating leases	149	107

* includes £28,000 in respect of the College (2015/16 £31,000)
** includes £53,000 in respect of the College (2015/16 £54,000)
** includes £1,000 in respect of the College (2015/16 £9,000)

9 Interest payable - Group and College

	2017	**2016**
	£'000	**£'000**
On bank loans, overdrafts and other loans:	1,056	1,115
	1,056	1,115
On finance leases	60	67
Interest on enhanced pensions provisions	82	122
Net interest on defined pension liability (note 19)	776	760
Total	**1,974**	**2,064**

10 Taxation - Group and College

The members do not believe that either the College or the Group was liable for any corporation tax arising out of its activities during either year.

11 Tangible fixed assets (Group)

	Land and buildings Freehold	Equipment	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 August 2016	126,839	9,326	136,165
Additions	-	470	470
Disposals	(8,032)	(18)	(8,050)
At 31 July 2017	**118,807**	**9,778**	**128,585**
Depreciation			
At 1 August 2016	21,005	7,210	28,215
Charge for the year	2,205	554	2,759
Elimination in respect of disposals	(4,925)	(18)	(4,943)
At 31 July 2017	**18,285**	**7,746**	**26,031**
Net book value at 31 July 2017	**100,522**	**2,032**	**102,554**
Net book value at 31 July 2016	105,834	2,116	107,950

11 Tangible fixed assets (College only)

	Land and buildings Freehold	Equipment	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 August 2016	126,839	9,286	136,125
Additions	-	470	470
Disposals	(8,032)	(16)	(8,048)
At 31 July 2017	**118,807**	**9,740**	**128,547**
Depreciation			
At 1 August 2016	21,005	7,186	28,191
Charge for the year	2,205	546	2,751
Elimination in respect of disposals	(4,925)	(16)	(4,941)
At 31 July 2017	**18,285**	**7,716**	**26,001**
Net book value at 31 July 2017	**100,522**	**2,024**	**102,546**
Net book value at 31 July 2016	105,834	2,100	107,934

11 Tangible fixed assets (College only) (continued)

The net book value of equipment includes an amount of £488,000 (2015/16 – £290,000) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £178,000 (2015/16 – £343,000).

If fixed assets had not been revalued they would have been included at the following historical cost amounts:

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

12 Non current Investments

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

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

The College owns 100% 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 and caretaking 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 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.

13 Trade and other receivables

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Amounts falling due within one year:				
Trade receivables	386	383	675	670
Amounts owed by group undertakings	-	96	-	100
Accrued Grant income	115	115	273	273
Prepayments and accrued income	275	275	364	364
Amounts owed by the ESFA	844	844	142	142
Total	**1,620**	**1,713**	**1,454**	**1,549**

14 Creditors: amounts falling due within one year

	Group 2017 £'000	College 2017 £'000	Restated Group 2016 £'000	Restated College 2016 £'000
Bank loans and overdrafts	14,686	14,686	10,069	10,069
Obligations under finance leases	295	295	337	337
VAT Deferment Schemes	1,720	1,720	2,199	2,199
Trade payables	2,074	2,064	2,606	2,599
Amounts owed to group undertakings	-	6	-	-
Other taxation and social security	574	586	614	612
Other employment related creditors	679	671	726	726
Accruals and deferred income	1,220	1,220	1,461	1,461
Deferred income - government revenue grants	645	645	723	723
Amounts owed to the ESFA	367	367	259	259
Total	**22,260**	**22,260**	**18,994**	**18,985**

15 Creditors: amounts falling due after one year

	Group 2017 £'000	College 2017 £'000	Restated Group 2016 £'000	Restated College 2016 £'000
Bank loans	-	-	8,149	8,149
Obligations under finance leases	493	493	335	335
VAT Deferment Schemes	1,475	1,475	2,624	2,624
Total	**1,968**	**1,968**	**11,108**	**11,108**

16 Maturity of debt

(a) Bank loans and overdrafts

Bank loans are repayable as follows:

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
In one year or less	14,686	14,686	10,069	10,069
Between one and two years	-	-	797	797
Between two and five years	-	-	2,391	2,391
In five years or more	-	-	4,961	4,961
Total	**14,686**	**14,686**	**18,218**	**18,218**

A fixed term loan at a fixed rate of 8.02% repayable by quarterly instalments falling due between 1st August 2015 and 29th August 2017 totalling £188,000. This loan is secured on freehold properties on the City Campus.

A variable rate loan calculated at the LIBOR rate plus 0.51% and repayable by quarterly instalments falling due between1st August 2015 and 8th 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 4th 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 1st August 2015 and 4th December 2021 totalling £2,486,000. This loan is secured on the freehold properties on the Hillsborough Campus.
A variable rate loan calculated at the 3 month LIBOR rate plus 2.5% repayable by quarterly instalments falling due between 1st August 2015 and 1st December 2021 totalling £2,535,000. This loan is secured on the freehold properties on the Hillsborough Campus.

A fixed term loan at a fixed rate of 8.05% repayable by monthly instalments falling due between 1st August 2015 and 24th August 2035 totalling £4,483,000. The loan is secured on the freehold properties on the City Campus.

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

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 1st August 2015 and 24th July 2022 totalling £2,000,000.
A revolving credit facility of a maximum of £5,500,000, charged on a monthly basis at the LIBOR rate plus 3%. This facility expired on 3rd November 2016. The amount outstanding at that date was taken as a term loan at a rate calculated as LIBOR plus 3% until 3rd November 2017, but was repaid in full on 24th March 2017.

(b) Finance leases

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

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
In one year or less	295	295	337	337
Between two and five years	493	493	335	335
Total	**788**	**788**	**672**	**672**

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

17 Provisions

	Group and College			
	Defined benefit Obligations	Restructuring	Enhanced pensions	Total
	£'000	£'000	£'000	£'000
At 1 August 2016	30,494	80	3,570	34,144
Expenditure in the period	(2,079)	(75)	-	(2,154)
Transferred from income and expenditure account	(2,755)	295	(155)	(2,615)
At 31 July 2017	25,660	300	3,415	29,375

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

The restructuring provision relates to the costs arising from the decision to move the College to a flatter management structure and streamline Business Support services. This restructure programme was announced in June 2017, and redundancy notices were served in July 2017.

The Enhanced pensions 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 £82,000 (2015/16 £121,000). The actuarial gain or loss is recognised in the statement of total recognised gains and losses, during the current period a gain of £2,000 is recognised (2015/16 £182,000 loss). Payments of £239,000 (2015/16 £239,000) have been made against the provision and paid into the scheme during the period.

The principal assumptions for this calculation are:

	2017	2016
Price inflation	2.30%	3.50%
Discount rate	1.30%	1.80%

18 Cash and cash equivalents

	At 1 August 2016	Cash flows	At 31 July 2017
	£'000	£'000	£'000
Cash and cash equivalents	2,746	3,202	5,948
Overdrafts	-	-	-
Total	2,746	3,202	5,948

19 Capital commitments

	Group and College	
	2017	2016
	£'000	£'000
Commitments contracted for at 31 July	14	203

20 Lease Obligations

At 31 July 2017 the College had no annual commitments in relation to non-cancellable operating leases.

21 Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the South Yorkshire Pensions Authority. Both are multi-employer defined-benefit plans. The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016.

Total pension cost for the year		**2017 £'000**		**2016 £'000**
Teachers Pension Scheme: contributions paid		1,598		1,604
Local Government Pension Scheme:				
Contributions paid	2,079		2,098	
FRS 102 (28) charge	728		186	
Charge to the Statement of Comprehensive Income		2,807		2,284
Enhanced pension charge to Statement of Comprehensive Income		82		121
Total Pension Cost for Year		**4,487**		**4,009**

Contributions amounting to £129,000 (2016: £131,000) were payable to the TPS, and £117,000 (2016: £114,000) to the LGPS - these amounts are included within creditors.

Teachers' Pension Scheme

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

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates were set at 16.48% of pensionable pay (including administration fees of 0.08%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay.
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

The new employer contribution rate for the TPS was implemented in September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

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 are fully protected.

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

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

The pension costs paid to TPS in the year amounted to £1,598,000 (2016: £1,604,000)

21 Defined benefit obligations (continued)

FRS 102 (28)

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds adminstered by the South Yorkshire Pensions Authority . The total contribution made for the year ended 31 July 2017 was £2.64m, of which employer's contributions totalled £2.03m and employees' contributions totalled £615,000. The agreed contribution rates for future years are 14.9% for employers and range from 5.5% to 12.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2017 by a qualified independent actuary

	At 31 July 2017	**At 31 July 2016**
Rate of increase in salaries	3.45%	3.45%
Future pensions increases	2.20%	1.80%
Discount rate for scheme liabilities	2.50%	2.50%
Inflation assumption (CPI)	2.20%	1.70%
Commutation of pensions to lump sums	50%	50%

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

	At 31 July 2017	**At 31 July 2016**
	years	**years**
Retiring today		
Males	22.90	23.00
Females	25.70	25.70
Retiring in 20 years		
Males	25.10	25.40
Females	28.00	28.50

Sensitivity analysis (scheme deficit balance)	**At 31 July 2017**	**At 31 July 2016**
	£'000	**£'000**
Discount rate +0.1%	23,622	28,414
Mortality assumption – 1 year increase	27,903	32,606
CPI rate +0.1%	27,734	32,614

21 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

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

	Fair Value at 31 July 2017 £'000	Fair Value at 31 July 2016 £'000
Equities	54,780	47,559
Government bonds	12,434	12,216
Bonds	6,127	5,049
Property	8,199	8,958
Cash/liquidity	1,802	1,384
Other	6,758	6,271
Total market value of assets	**90,100**	**81,437**
Actual return on plan assets	**10,399**	**10,132**

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

	2017 £'000	2016 £'000
Fair value of plan assets	90,100	81,437
Present value of plan liabilities	(115,281)	(111,412)
Present value of unfunded liabilities	(479)	(519)
Net pensions (liability)/asset (Note 17)	**(25,660)**	**(30,494)**

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

	2017 £'000	2016 £'000
Amounts included in staff costs		
Current service cost	2,807	2,284
Past service cost	-	-
Total	**2,807**	**2,284**
Amounts included in interest and other finance costs		
Net interest cost	738	721
Administration expenses	38	39
	776	**760**
Amounts recognised in Other Comprehensive Income		
Return on pension plan assets	6,708	7,422
Experience losses arising on defined benefit obligations	3,056	-
Changes in assumptions underlying the present value of plan liabilities	(3,426)	(16,952)
Amount recognised in Other Comprehensive Income	**6,338**	**(9,530)**

Local Government Pension Scheme (Continued)

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

	2017	2016
	£'000	£'000
Surplus/(deficit) in scheme at 1 August	(30,494)	(20,018)
Movement in year:		
Current service cost	(2,807)	(2,284)
Employer contributions	2,079	2,098
Past service cost	-	-
Net interest on the defined (liability)/asset	(738)	(721)
Administration expenses	(38)	(39)
Actuarial gain or loss	6,338	(9,530)
Net defined benefit (liability)/asset at 31 July	**(25,660)**	**(30,494)**

Asset and Liability Reconciliation

	2017	2016
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	111,931	91,309
Current Service cost	2,807	2,284
Interest cost	2,773	3,431
Contributions by Scheme participants	614	622
Experience gains and losses on defined benefit obligations	(3,056)	-
Changes in financial assumptions	3,426	16,952
Estimated benefits paid	(2,735)	(2,667)
Past Service cost	-	-
Curtailments and settlements	-	-
Defined benefit obligations at end of period	**115,760**	**111,931**

Reconciliation of Assets

Fair value of plan assets at start of period	81,437	71,291
Interest on plan assets	2,035	2,710
Return on plan assets	6,708	7,422
Administration expenses	(38)	(39)
Employer contributions	2,079	2,098
Contributions by Scheme participants	614	622
Estimated benefits paid	(2,735)	(2,667)
Fair value of plan assets at end of period	**90,100**	**81,437**

22 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 such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

"The total expenses paid to or on behalf of the Governors during the year was £25; 1 governor (2016: £250; 6 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and conferences in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year, in relation to their role as Governor (2016: None).

Sheffield Hallam University - a Higher Education institution in which Prof Husbands (Governor) is the Vice Chancellor.

Sales transactions in the year amounted to £127,000 (2016 – £121,000), relating to the provision of teaching & training services. The outstanding balance at the year end was £nil (2016 – £nil)

Purchase transactions in the year amounted to £237,000 (2016 - £190,000), relating to academic validation fees. The outstanding balance at the year end was £nil (2016 - £nil).

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

Sales transactions in the year amounted to £133,000 (2016 – £126,000), relating to the provision of Financial, Human Resources & Premises services. The outstanding balance at the year end was £9,000 (2016 – £11,000)

NOCN - a qualification awarding body in which Ms Jones (Governor) is Deputy Managing Director, and Mr Schmoller (Governor) is a trustee.

Purchase transactions in the year amounted to £30,000 (2016 - £29,000), relating to exam fees. The outstanding balance at the year end was £200 (2016 - £2,500).

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

There were no sales transactions in the year (2016 - £100, relating to the provision of staff training). The outstanding balance at the year end was £nil (2016 - £nil).

Purchase transactions in the year amounted to £15,500 (2016 - £8,300), relating to membership fees, sponsorship and catering. The outstanding balance at the year end was £100 (2016 - £nil).

Sheffield Futures - a careers advice charity in which the College is a member, and Mr Corcoran (Chief Executive) is a Director.

Sales transactions in the year amounted to £1,300 (2016 – £nil), relating to the provision of catering services. The outstanding balance at the year end was £nil (2016 – £nil)

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

There were no sales transactions in the year (2016 - £370, relating to the provision of staff training). The outstanding balance at the year end was £nil (2016 - £40).

Purchase transactions in the year amounted to £300 (2016 - £nil), relating to legal fees. The outstanding balance at the year end was £nil (2016 - £nil).

23 Amounts disbursed as agent

Learner support funds

	2017 £'000	2016 £'000
Funding body grants – hardship support and childcare	603	789
Funding body grants – Advanced Learner Loan Bursaries	302	280
Funding body grants – residential bursaries	-	2
Funding body grants – 16 to 19 Bursary Funding	939	856
	1,844	1,927
Disbursed to students	(1,601)	(1,673)
Administration costs	(99)	(97)
Balance unspent as at 31 July, included in creditors	144	157

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

24 Effect of voluntary change in accounting policy

During the year ended 31st July 2017 the College took the decision to change the accounting policy for government capital grants from the accruals model (which had been applied up to and including the year ended 31st July 2016) to the performance model, as permitted under FRS 102. Application of the new accounting policy will improve the reliability and relevance of financial information, as it will present a clearer and more reliable picture of Creditors in the Balance Sheet. It will also aid stakeholders in their understanding of the relationship between operating performance and cash generation, as a significant non-cash income line will be eliminated.

An explanation of how the change in accounting policy has affected the College's financial position, financial performance is set out below.

	31st July 2017		Restated 31st July 2016		Restated 31st July 2015	
	Group £'000	College £'000	Group £'000	College £'000	Group £'000	College £'000
Financial Position						
Creditors - amounts falling due within one year under previous policy (Note 14)	(23,577)	(23,577)	(20,317)	(20,308)	(12,636)	(12,796)
Effect of change in policy	1,317	1,317	1,323	1,323	1,461	1,461
	(22,260)	(22,260)	(18,994)	(18,985)	(11,175)	(11,335)
Creditors - amounts falling due within one year under new policy						
Creditors - amounts falling due after more than one year under previous policy (Note 15)	(51,958)	(51,958)	(62,844)	(62,844)	(72,403)	(72,403)
Effect of change in policy	49,990	49,990	51,736	51,736	53,061	53,061
Creditors - amounts falling due after more than one year under new policy	(1,968)	(1,968)	(11,108)	(11,108)	(19,342)	(19,342)
Income and expenditure account under previous policy	3,949	4,034	(8,400)	(8,312)	454	539
Effect of change in policy	51,307	51,307	53,059	53,059	54,522	54,522
Income and expenditure account under new policy	55,256	55,341	44,659	44,747	54,976	55,061

	Year ended 31st July 2017		Year ended 31st July 2016		Year ended 31st July 2015	
	Group £'000	College £'000	Group £'000	College £'000	Group £'000	College £'000
Financial Performance						
Income - Funding body grants under previous policy (Note 2)	40,599	40,599	39,835	39,835	43,611	43,611
Effect of change in policy	(1,752)	(1,752)	(1,463)	(1,463)	(1,556)	(1,556)
Income - Funding body grants under new policy	38,847	38,847	38,372	38,372	42,055	42,055